The University of Chicago

THE SUBVENTION IN THE STATE FINANCES OF PENNSYLVANIA

A DISSERTATION

SUBMITTED TO THE FACULTY
OF THE GRADUATE SCHOOL OF ARTS AND LITERATURE
IN CANDIDACY FOR THE DEGREE OF
DOCTOR OF PHILOSOPHY

DEPARTMENT OF POLITICAL ECONOMY

BY

FREDERIC B. GARVER

The Collegiate Press
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MENASHA, WISCONSIN
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CHAPTER I

INTRODUCTION

The Division of Functions between State and Local Governments

It is a fundamental principle of the distribution of powers within the several states of the federal union that local governments, such as the city, county, township and school-district, have no sphere of action that they may claim as their own and upon which the state may not encroach. Local governments are the creatures of the state.[1] Their dependence upon constitutional provisions or upon enactments of the state legislature for their very existence gives rise to wide variations in the amount of power and in the number of functions that they exercise. It also makes readjustments in the division of powers between state and locality both easy and rapid. If the legislature decides, for example, that the counties are caring inadequately for the insane it may remove the service to the realm of state administration one year and return it to the counties or school-districts the next. Or, if a new service is created, such as the provision of free industrial education, it is possible for the legislature either to require one of the subordinate governmental units to assume it or to provide for direct state administration. In short, the local governments are completely at the mercy of the state legislature with respect to the functions they may exercise.

The legislature may, however, be restrained by the constitution of the state from interfering too extensively in local affairs, and it is not unusual to find in state constitutions grants of power directly to the local units. Moreover, a less tangible but equally significant restraint is exercised by political custom and by the ingrained opinions of the people as to what are "local," and what "state" affairs. Public opinion would not, in the United States, permit complete centralization, nor, on the other hand, complete decentralization.

The many legal enactments that fix the limits of local government are, of course, influenced to a great extent by ideas and ideals that are the result of many hundreds of years of Anglo-American experience in local self-government. But aside from these intangible influences, which have their effects upon all governmental practices, the following factors determine more immediately the distribution of functions between central and local authorities: (1) the success or failure of the state in administer-

[1] Dillon, *Municipal Corporations*, (5 ed.), I, Sec. 33, pp. 61 ff.

ing the services[2] that it undertakes; (2) the success or failure of local authorities in the administration of the services assigned them; (3) the scope of the service, whether state-wide or local in its application; (4) the desirability of state-wide uniformity or of local variations in rendering the service;[3] (5) the advantage that ruling political parties may derive from the division of power; (6) and, finally, the relative revenue resources of the state and of the local governments.

The last factor mentioned as determining the division of governmental functions has received scant consideration at the hands of writers on political science. This is largely due to the way in which it operates. Ordinarily, we do not find that a surplus of state revenue is set forth as a reason why a given service, say the building of highways, should be undertaken by the central rather than by the local governments. But the existence of a surplus of state revenue is an ever-present temptation to legislatures to expand existing state functions or to discover new ones. The most notable example of such results following the development of a surplus is to be found in the financial history of the United States from 1880 to 1893. No one today doubts that the origin of the present extravagant pension system and of the equally extravagant and fundamentally less justifiable appropriations for the improvement of rivers and harbors is to be traced, in part, to the surplus national revenues of the 'eighties. Once such a service is taken up it is, of course, almost impossible for the government to abandon it, and it, therefore, continues as a state, or national, or local service. In time people usually come to regard it as necessarily adapted to administration by the governmental unit that, because of its revenue resources, was able to support it, at the time demand for the service appeared.

When, however, a state employs the general property tax for the support of both central and local governments, revenue resources are less likely to determine the distribution of functions. For, if the state revenues are raised by a surtax upon local assessments, there can be no

[2] The term "service" will be used in this essay to include the exercise of any function of government in which public authorities furnish satisfactions or wealth directly to the community. Thus education is a service; the administration of poor relief is a service; the administration of justice is a service; so too, of course, the provision of water, lighting and drainage are services. But the work of an officer whose duties relate solely to inter-departmental affairs or of one who is concerned solely with general governmental affairs is excluded. The members of the state legislature do not provide a service in the sense in which the word will hereafter be employed.

[3] In some services, notably in education, both uniformity and variation are necessary.

surplus in the state treasury that does not accrue from the same tax that also supports local governments. Hence there can be no preference on grounds of superior revenue resources for selecting either state or locality to administer a given service.

Now it not infrequently happens that the various factors enumerated at the beginning of this chapter as determining the division of functions between state and local governments are in conflict. The state government may have an exceedingly bad record in the administration of the services it undertakes to provide, while the record of the counties and cities may be good. Yet the state may have the funds to undertake new services and the localities may not. Or the localities may have little revenue and bad records in administration, but the service demanding expansion may be so intimately connected with local political life, and so heterogeneous in its nature that complete state control will not be tolerated.

Again it may happen, as is the case with elementary and secondary education, that the service is one in which there is a state-wide interest, and in which a certain amount of uniformity is demanded, but in which the need for variation and local control is very great. Here local administration with central control is necessary. Education is obviously not the only function of the state in which the necessity for central supervision is present. The state as a governmental unit representing the larger community, needs to have some voice in the administration of roads, in general poor relief, in the care and maintenance of defectives and in sanitation.

When the duality of interest just mentioned exists, the state frequently permits or requires the locality to provide the service and to pay the cost out of the local treasury, but the conditions under which the service is rendered, the standards that shall be maintained, and even the amount of money to be expended upon it, are fixed by legislative enactment. These assigned services are very common and usually include police in the narrower sense, the administration of justice, and very frequently, elementary education, road making, and poor relief.

But the difficulty inherent in all assigned services is that while the central government may prescribe by law, and in great detail, the sort of service required, and may set up standards of performance, it has no effective means for controlling the local administration and of compelling observance of the law. Very often popular notions of liberty and free-

dom in local government prevent the establishment of the central supervision necessary to attain these standards.

Occasions Giving Rise to Subventions

The problem is how to attain the proper amount of central supervision to insure adequate performance of services that seem best administered by local governments. In England this problem has been solved to a considerable extent by means of grants in aid. The central authorities have succeeded in obtaining the right to prescribe, and to a great extent to enforce the observance of proper standards of performance in local affairs by offering substantial financial aid to those municipalities that live up to the requirements, and by refusing it to those that do not.[4] In the United States, the attempt has been made to accomplish the same result in the case of the common schools. In many states the central government pays a liberal amount toward the support of local schools only when the schools are in operation a certain number of months in each year, and when competent teachers are employed.[5] One of the powerful reasons, then, for the existence of a grant of money from a superior to an inferior authority is the opportunity such grant affords for central supervision.

A second reason for the establishment of a grant from the central treasury is suggested by the relative revenue resources of the state and of local governments. If the state is well provided with revenue while the local governments are not, and if the services that demand expansion are those that seem likely to remain under local control, one of the easiest solutions of the difficulty is a subvention from the central government for the support of these services.

Thus, in England, in 1874, the conservatives on returning to power advocated the use of a part of the surplus national revenues for the relief of local taxation.[6] The Chancellor of the Exchequer argued at this time that property subject to local direct taxation was greatly in need of relief. A grant from the national government would not only afford this relief but would also place local taxation on a more equitable footing.[7] One of the purposes, therefore, of the English system of grants in

[4] Webb, *Grants In Aid*, pp. 5-6.

[5] Fairlie, *Local Government*, p. 220.

[6] Grice, *National and Local Finance*, p. 56.

[7] *Idem*, pp. 56–57.

aid has been from the very beginning the relief of local tax payers.[8] In brief, the grants in aid have been used in England, since their inception to equalize the burden of supporting the various governmental services, and to secure central control.

Two other methods of solving the problem of equalization were possible in England at the date mentioned. Either certain of the duties of local authorities might have been transferred to the national government or certain revenues might have been transferred from the national to the local governments. The former alternative was at once rejected by the ministry in 1874.[9] The latter was accepted in the main by Mr. Goschen in the reforms which he introduced while Chancellor of the Exchequer in 1889.[10] Because of the great inequality that existed in the distribution of the grants, and because of the continual grasping of the local rate payers for additional grants, assigned revenues were substituted for subventions. Certain grants, mainly in aid of elementary education and of industrial and reformatory schools, were retained.[11] In lieu of the grants the local governments were given the greater part of the revenues from excise licenses and one-half the probate duties.[12]

Similarly in the United States, it is not uncommon for the state to return to the local governments the revenues of certain taxes which are either assessed, or both assessed and collected by the state. An example of such practice is found in the Massachusetts corporation taxes and in the Iowa railroad taxes. The question may be raised at this point why either a grant in aid from the central treasury or the distribution of centrally collected revenues should be adopted. Why should the central government not relinquish certain taxes to the localities, allowing them both to administer these taxes and to receive the revenue from them? Several conditions may prevent such an arrangement. The localities may not be able successfully to administer the taxes which yield most abundantly under state control. This is true for taxes upon nearly all transportation companies, and in a less degree for corporation taxes in general. Or the tax may be like the inheritance tax, uncertain in yield

[8] Grice, p. 11.

[9] *Idem*, p. 56.

[10] *Idem*, p. 81.

[11] *Idem*, p. 90.

[12] *Idem*, p. 82.

in any given year for a small unit, but relatively steady when collected over a wider area. If the policy of distributing the proceeds of certain taxes is adopted, the question of the proper basis for such distribution is immediately raised and no satisfactory solution for this problem has as yet been discovered.

A third reason for the existence of the grant in aid is that it permits an equalization of the burden of supporting a given service. The subvention for common schools illustrates this point. It is commonly conceded that every child within the state has a right to competent instruction in elementary subjects. More important still, the community as a whole has an interest in seeing that he receives such instruction. But many localities do not have within their jurisdiction sufficient taxable property to permit the maintenance of good schools without the imposition of oppressive taxes. Now by means of a grant from the state treasury funds collected from all the communities within the state according to ability to pay, are then distributed according to need. The richer counties are thus compelled to aid their poorer neighbors. The justification of this redistribution of the burden is to be found in the state-wide interest in education. The widespread adoption of state, subventions for common schools in the United States is an acknowledgment of the obligation of the state to aid in providing the children of poorer districts with an opportunity for a minimum of education.

The subsidizing of local governmental authorities is not, in practice, the only type of subvention. In New York City, and in California, as in several other states, large amounts are paid from the public treasury to private, or quasi-public corporations, or to individuals that perform a service which is more or less public in its nature. A private hospital that takes charity patients performs such a service; so also does a private school that admits promising students of limited means tuition-free, or on easier terms than are required of the children of the well-to-do. And the application of the principle is not limited to schools and colleges that remit tuition, but usually applies as well to all educational institutions that are not operated as money-making ventures. Hence, colleges commonly receive tax exemption for all or a part of their equipment.

To summarize: The subvention has been used in England and in the United States to equalize revenue resources between state (central) and local governments; to equalize the burden of supporting a given service between different localities; and to gain for the central authorities power

of supervision over local administration. Finally in the United States it has been used to aid semi-public institutions of an eleemosynary character.

But, although the subvention has been thus employed in England, opinion there is more or less divided as to its desirability.[13] The reforms of 1889 greatly limited the number of grants. In the United States almost no systematic examination of the working of the state subventions has been published.[14] It is with a view to making such an examination that the history of the Pennsylvania system of subventions is undertaken. The reasons for selecting the Pennsylvania system rather than that of some other state are three. In the first place the aggregate amount of the subventions is large. In 1913 the grants amounted to upwards of $12,000,000, or about 40 per cent of the total payments from the state treasury. In the second place, Pennsylvania has developed exclusive state taxes upon corporate wealth to an extent not equaled in any other state that also has an important system of subventions, thus giving rise to large state revenues—often surpluses—that make subventions possible. Finally, a great deal of criticism of the state subventions to privately owned charitable institutions has appeared in the press and in papers read at the meetings of the National Conferences of Charities and Corrections.

The Plan of this Essay

The plan of this essay is first to set forth the two fundamental conditions that govern the development of a subvention system: (1) The distribution of powers and duties between the state and its subdivisions, and (2) the distribution of revenue resources between the state and the local governments. These two points will be treated briefly in Chapter II. The remaining and larger part of the essay will deal with changes in these two fundamental conditions, and with the historical development and the administration of the grants as they appear.

The financial history of the state may be conveniently divided into five periods. The first begins with 1776 and ends with assumption of the state's debt by the federal government. The second dividing line may be drawn when the internal improvements were begun in 1826, and the third period is identical with the growth of the state system of canals and roads. The fourth period begins definitely with the financial

[13] For criticism, see Webb, Chs. III and IV.

[14] See, however, Wisconsin Tax Commission, *Special Report* (1911), Ch. V.

crisis of 1840-1842, and concludes with the adoption of the present constitution in 1873. The period 1874 to 1916, while easily divisible into several shorter periods, may be treated as a unit, since there have been no radical changes in the financial policies of the state. These periods will receive consideration in separate chapters.

CHAPTER II

THE DIVISION OF GOVERNMENTAL FUNCTIONS AND OF REVENUE RESOURCES IN PENNSYLVANIA

The Division of Functions Between the Central and the Local Governments

As was pointed out in the preceding chapter, the development of a system of subventions is conditioned by the division of functions between the central and the local governments. Unless the local governments have numerous functions to perform state aid is quite unlikely to develop. It is necessary, therefore, to ascertain the division of governmental functions in Pennsylvania before proceeding to discuss the development of the state subventions. Again, as has been pointed out, a system of subventions is not often found unless the central treasury is amply provided with revenue. It is necessary, therefore, to ascertain the relative revenue resources of the state and of the local governments in Pennsylvania before discussing the development of the subvention system.

It must not be concluded, however, that subventions never come into existence when the localities have few duties to perform and when the central governments are not in possession of overflowing treasuries. The state subventions to common schools, in the United States, are standing proofs that special levies may be made upon general property solely for the purpose of making a subvention whose chief object is to insure a certain minimum of excellence in the performance of a given service or to equalize the burden of a service between localities. This fact does not, however, obviate the necessity of studying the division of functions and revenue resources, since equalization of burdens between localities and central control to secure standards are only two of the purposes for which subventions are made.

Like most American colonists the first settlers in Pennsylvania were jealous of all encroachment upon their political privileges by the provincial government. Quarrels having to do with the amount and methods of raising revenue and other political matters sprang up between the popularly elected assembly and the governors or their deputies and made the people hostile to central authority. Again, in Pennsylvania to a greater extent than in any other colony, differences of language, of nationality, of religious belief, and of political tenets served to accentuate the isolation that a lack of communication and the pioneer environment naturally produced. These conditions together with the feeling

of local self-sufficiency, so common in frontier communities, tended to prevent the growth of solidarity of interests and to array one sect or one nationality against the others. Under such conditions a powerful state government could have been built up only by one party gaining complete ascendancy. To a certain extent the Quakers may be looked upon as the party in power down to the Revolution. But their frequent quarrels with the governors of the province would have prevented the development of a strong central government, even though other forces had not worked against such an eventuation.

After the colonies had separated from England, the tendency for the people to look with suspicion upon governments that were distant and to regard with favor the exercise of authority by those that were near and administered by their neighbors, increased rather than diminished.[1] The relative influence which should be assigned to the spirit of local independence, in Pennsylvania, in determining the causes that resulted in the delegation of a large share of the business of government to the localities, cannot be accurately measured. Neither can we estimate the effect of this tendency in counteracting the opposing principle of state interference, which grew steadily throughout the nineteenth century. But it is one of the forces that must be kept constantly in mind in explaining fiscal and political arrangements between the state and the minor civil divisions.

From the legal point of view there is no "proper," or one best division of powers between central and local authorities. There are certain functions of government, of which diplomatic intercourse with foreign nations is an example, that can scarcely be locally administered under any circumstances. With respect to such functions as the military, the administration of justice, and the management of state revenues, upon the proper performance of which the central government is dependent for its very existence, the local authorities can act only as agents of the superior power. The demand for uniformity is imperative and the localities can have little discretion. Aside from a limited number of such exceptions, however, there are no functions of government that might not be exercised by the localities; and in the following discussion it will be assumed that the terms "local services" and "state services" carry no implication of a *necessary* division of powers.

The first source of information as to the actual division of power in any given state is the body of fundamental laws governing it. In the

[1] Merriam, *A History of American Political Theories*, pp. 78–79.

state this is the constitution, and in the province the royal charter or other fundamental agreements. The next source is, of course, the acts of the legislature establishing and giving power to local governments. In Pennsylvania, before 1776, we have to look to the charter given by Charles II to Penn, to certain subsequent documents, such as the Frames of Government, and to the acts of the Assembly for information concerning the political status of the localities. Now, although Pennsylvania was founded by a religious reformer, who belonged to a sect that advocated many specific departures from the religious practices, social customs, and political methods then existing in England, the government that he set up in the new world followed closely the English model. In many instances, the English system of local government was copied with remarkable faithfulness but in other cases the new environment made changes from the older arrangements necessary.

The charter that Penn received from Charles II gave the proprietor power to establish such local authorities as the town, county, borough, and city.[2] Three important local units were actually established. The county was made the principal unit of local government, and, in the beginning, the county court was the principal administrative body.[3] The township did not become important as an administrative authority until late in the eighteenth century.[4] While Philadelphia remained for many years the only incorporated city in the province, boroughs were also incorporated and, of course, developed in greater numbers than did the cities. It is with the division of powers between the province, on the one hand, and the counties, the cities and the boroughs, on the other, that we have here to deal.[5]

The governmental machinery of the province of Pennsylvania, like that of the other colonies, was very simple. As Dewey has pointed out in discussing colonial expenditures,[6] these frontier communities felt the need of government very slightly. Public offices were few; public works were undeveloped; and with the exception of poor relief of the crudest

[2] *Charters and Laws, 1682-1700*, pp. 85-86.

[3] Howard, *An Introduction to the Local Constitutional History of the United States*, pp. 371 ff.

[4] *Idem*, p. 385.

[5] For a discussion of the development of the Pennsylvania county see Howard, Pt. III, Ch. VIII, Sec. iii, and Gould, "Local Self-Government in Pennsylvania," (*Johns Hopkins University Studies*, I); for Philadelphia see Allinson and Penrose, *Philadelphia, 1681–1887*; for the burroughs, Holcomb, "Pennsylvania Boroughs," (*Johns Hopkins University Studies*, IV).

[6] *Financial History of the United States*, (1st ed.), p. 9.

sort, public charity and public assistance were non-existent. Provincial authorities had chiefly to do with the more fundamental functions of government, without which organized society cannot exist, and with the provision of soldiers for Colonial and Indian wars. The military operations of Pennsylvania, Quaker colony though it was, assumed at times predominant importance in provincial finance. In the war against the French and their Indian allies, during the years 1756 to 1763, the province expended about £500,000.[7] In addition to its expenditures for war the colony paid out smaller amounts in bribes and peace-money in order to prevent Indian attacks.[8] In time of peace the provincial authorities were relatively inactive. Ordinary expenses, in 1767, included little beyond the payment of modest salaries to the governor, to the judges of the supreme court, and to the assemblymen, and a few minor payments to unimportant state officials.[9] With the war for independence came tremendous increases in military expenditures, but no important new functions were added to the central government. All important relations between the commonwealth and the localities remained about as they were during the colonial period.[10]

As might be expected, if the province assumed no very great number of functions, the local governments were more heavily burdened. But in the localities as in the province, the need for governmental action was felt only to a slight extent. The life of the local communities was not complex, and the expenditures of the local units could not have been called "burdensome." The significance of the division of functions during the colonial period does not lie in the onerousness of the fiscal burdens imposed on the localities, but in the number and variety of functions that were assigned to them. A single illustration will serve to show the significance of these assignments. Poor relief, in colonial times, was made a matter for local control, and, before 1776, it was an important but not onerous service, the cost of which the localities were compelled to bear. In the nineteenth century, however, when public charity came to include he care and treatment of the insane in specialized institutions, the provision of homes for the aged and the physically and

[7] The British government reimbursed the colony in part. Bigelow's *Works of Benjamin Franklin*, II, p. 414. This is Franklin's estimate given before Parliament.

[8] Gordon, T. F. *History of Pennsylvania*, pp. 260–263.

[9] *Idem*, p. 585. For a good outline of state and local governments, their officers and duties, see Proud, R. *History of Pennsylvania*, II, pp. 284–291.

[10] Bolles makes the statement that in 1760 the cost of governing each person in the province "was two and one-half pence apiece." *History of Pennsylvania*, I, p. 395.

mentally incapable, and the provision of free hospitals for injured miners, the fact that all poor relief had long been regarded as a local affair became of the greatest fiscal significance for the localities. The localities were now in danger of being charged with services that were onerous in the highest degree.

The functions assigned to the local governments during the period when institutions were becoming fixed may be grouped roughly under five heads: (1) the support of local administrative, legislative, and judicial officers; (2) poor relief; (3) the prosecution and punishment of criminals; (4) local public works; and (5) miscellaneous provisions for the protection of life and property. With respect to the first class of services little need be said, except that their fiscal importance depended upon the degree of complexity of local government, and, other things remaining the same, that they tended to make larger demands for money as the community progressed from a backwoods county to an industrial or commercial center. It should also be observed that the officers of the town, county, borough, city and province were supported to some extent by fees, instead of salaries paid out of the proceeds of taxation.[11] In addition to the payment of the salaries of such officers as were not supported by fees, the counties were for many years charged with the payment of their representatives in the provincial assembly.[12]

Pennsylvania's system of poor relief, in the beginning, followed in general the practice of the English counties. A law enacted in 1682 required the justices of the peace to care for the indigent,[13] and the principle of settlement then introduced has persisted to the present time. In 1693 the Assembly passed a bill enabling the counties to levy taxes for the support of the poor,[14] and in 1705 was enacted an elaborate law setting forth the organization of administration and the entire technique of poor relief.[15] And, although these laws were amended from time to time, no definite attempt was made to relieve the localities of any part of the burden until the second quarter of the nineteenth century, unless military pensions are to be regarded as a form of public charity.

[11] Urdahl, *The Fee System in The United States*, pp. 99, 121. In this respect Pennsylvania was no exception to the general rule, followed in all the colonies. For a long list of "fees" that might be charged by different officers see II *Statutes at Large*, pp. 343 ff.

[12] Act of 1724, IV *Statutes at Large*, p. 13.

[13] *Charters and Laws, 1682–1700*, p. 115. Abrogated in 1693 by William and Mary and reenacted in the same year. *Ibid., footnote.*

[14] *Idem*, p. 233.

[15] II *Statutes at Large*, pp. 251–254.

The free-school system, which is today one of the most expensive as well as one of the most important of the services locally administered in Pennsylvania was not introduced until 1834. Penn and the sect to which he belonged placed great stress upon education, however, and schools were established in the province as soon as the community was able to maintain them. But they were not supported by the government. The only public charge connected with education was the schooling of paupers.[16]

Acting as the agent of the province, the county was also charged with the administration of justice. During colonial times this involved the payment of the salaries of such officers as were not supported by fees, and the prosecution of criminal cases. In addition the county was required to provide a jail or a house of correction not only for the punishment of petty criminals but also for the detention of those serving long sentences for serious offenses.[17]

The principal public works constructed before 1800 were roads and bridges, or streets and bridges within the cities and the boroughs. It is not to be supposed that these improvements entailed large outlays of money: The bridges were crude and the roadways were little more than clearings through the forest. The locality was able to shift the burden of the more costly bridges by permitting private concerns to build them and to charge toll. In some instances the province constructed roads, chiefly for military purposes, through the more difficult parts of the mountains. The control of roads and bridges was vested in the governor and the council by the Frame of Government,[18] but there is no evidence that the province ever attempted systematically to control the highways, and it certainly never attempted to assume the entire burden of their maintenance. The authority exercised by the Assembly in later years over the so-called "king's highways" consisted chiefly in ordering the localities to construct designated roads. For the most part, the localities were given complete control over highway construction and maintenance.[19]

Municipal improvements were also a matter of local control, and their cost was borne locally.[20] Several minor charges of little fiscal importance

[16] On early educational institutions in Pennsylvania see Wickersham, *History of Education in Pennsylvania*, Ch. III.

[17] *Charters and Laws, 1682–1700*, pp. 139, 208; Allinson and Penrose, p. xlix.

[18] *Charters and Laws, 1682–1700*, pp. 95, 157, 285.

[19] For example, *Charters and Laws, 1682–1700*, p. 285.

[20] *Idem*, p. 276, and II *Statutes at Large*, pp. 65, 414; also *idem*, chapters 389, 411, 479, 636, 743, and 1394 for Philadelphia.

were early delegated to the counties. These had to do chiefly with the protection of property. Thus, for example, the county was required to pay bounties for "wolf's heads" and for the destruction of crows and blackbirds.[21]

Thus far no statement has been made with respect to the duties of the boroughs. Since these governments were, throughout the colonial period, subject entirely to special legislation, accurate generalizations concerning the scope of their powers cannot be made. On the whole, however, it may be said that their duties included the support of local offices, the opening and the maintenance of streets, the preservation of the public peace and the provision of a supply of water for their inhabitants.[22]

From this very brief survey it appears that the province, by delegating the larger part of the functions of government to the localities, had practically released itself from all fiscal burdens except those that attended military operations and the maintenance of the indispensable provincial offices. Charities and corrections, whatever education was undertaken at public expense, the building of highways, and police came to be looked upon as "local services." This division of duties was not particularly significant during the seventeenth and the eighteenth centuries because the time had not yet arrived for the elaboration of public charities, the extensive development of free education, or the undertaking of large public works.

The Division of Revenue Resources

While the distinction between state and local services was thus becoming definitely fixed, both by legal enactment and by custom, the revenue systems of the different governmental units underwent no such crystallizing process. The provincial government of Pennsylvania, like that of the other middle colonies, depended largely upon indirect taxes for its revenues.[23] Imposts were levied upon wine, rum, beer, and cider imported into the province,[24] at an early date, and were continued at varying rates until 1789. An excise tax was established, in 1684, but, owing to its unpopularity, it remained in operation only a short time. At intervals, during the subsequent provincial history when the con-

[21] II *Statutes at Large*, pp. 85, 166, 238.

[22] Holcomb, "Pennsylvania Burroughs," (*Johns Hopkins University Studies*, IV), p. 175.

[23] For a brief statement of the provincial tax systems of the different colonies see Bullock, "Direct Taxes and the Federal Constitution," *Yale Review*, X, pp. 15–18.

[24] II *Statutes at Large*, p. 105.

dition of the treasury made imperious demands the tax was again imposed, but always in the face of strong opposition from the Assembly.[25] A licence tax was levied soon after the founding of the colony, and the scope of its application broadened as years went by;[26] but it never became a highly productive source of income.

Although the provincial government relied chiefly upon indirect taxes, direct taxes upon real and personal estate and upon polls were imposed at intervals from 1693 to 1791. The earlier taxes, especially those of 1693[27] and 1696[28] seem to have been collected with great difficulty, and the latter required three supplementary acts in as many years to bring about its collection.[29] In spite of the popular aversion to direct taxation, and in spite of the dispute that later developed between the proprietors and the Assembly concerning the liability of the estates of the former to pay the tax,[30] direct levies were imposed many times before 1776.

A description of the taxing system in 1766 shows that the province was, at that time, levying a direct tax upon estates, real and personal, a poll tax, a tax upon offices, trades, professions and businesses according to their profits, an excise upon wine, rum, and spirits, and an import duty upon negroes.[31] During the war against England the commonwealth resorted to both direct and indirect taxes, and continued both until the last decade of the century.

The people, however, never came to look with favor upon the direct taxes, and their collection was always difficult and unsatisfactorily performed. The correspondence of the Executive Council, from 1783 to 1789, contains many letters from the commissioners of the various counties explaining the difficulties of obtaining the taxes levied within their jurisdictions and excusing their failure to remit to the treasury the amounts properly charged against them. The excuses are largely of such a character as one would expect, considering the conditions that naturally resulted from the war and the commercial depression that prevailed over a part of this decade. There was a general scarcity of money in which to pay the taxes; the owners of property, even land-

[25] Egle, W. H. *Pennsylvania*, p. 219.

[26] II *Statutes at Large*, p. 357.

[27] *Charters and Laws, 1682–1700*, p. 221.

[28] *Idem*, p. 253.

[29] *Idem*, pp. 263, 274, 279.

[30] Concerning the details of the dispute, see Shepher, *History of Proprietary Government in Pennsylvania*, Ch. X.

[31] Bigelow's *Works of Benjamin Franklin*, III, p. 409.

holders, were frequently so much embarrassed financially that no taxes could be collected from them; sales of property for taxes were often impossible either because no bidders were actually to be found or because the sympathy of the community for the "oppressed taxpayer" prevented bidding. These difficulties can readily be understood if we take into consideration the economic condition of the state for the period following the war. But there were other sources of failure that cannot be explained in this manner. Not infrequently collectors were careless, or even dishonest, and, since the co-operation of local authorities was necessary in order to invoke the law against them, prosecutions were out of the question. Furthermore, it frequently happened that varying amounts were lost because of robbery or theft or embezzlement.[32]

In 1796 the failure of the state to collect direct taxes was observed and commented upon by Wolcott, who states that at that time a part of the direct tax due in 1790 remained unpaid.[33] In 1790 Governor Mifflin, in addressing the lower house of the Assembly, ascribed the financial embarrassment of the state during the Confederation to the difficulties encountered in collecting revenues.[34] Whatever opinion may be formed as to the reason for the state's failure to deal successfully with the war debt, during the years of the Confederation, the evidence indicates very great opposition to the direct tax. Not only was the tax difficult to administer, but there were serious popular objections to its use.

The opportunity for the abolition of this unpopular tax came, when, in 1790, the federal government agreed to assume the debts the several states had incurred for the purpose of carrying on the war for independence. Almost as soon as it was certain that the state would thus be relieved of a great part of the accumulated debt, the direc t tax was discontinued, tentatively at first, and then permanently.[35] Later in the same year the excise taxes upon wine, rum, and brandy were abolished;[36] in 1794 the tax upon the writs of the court of common pleas was dropped,[37] and in the following year the tax on pleasure carriages, which had been imposed by the law of 1783, was also repealed.[38]

Although the state was unable successfully to collect the direct tax, two events relieved the government of a major portion of the debt and

[32] *Pennsylvania Archives*, 1st. Ser., X, pp. 75, 77, 79, 80, 92, 98, 587; vol. XI, p. 603.
[33] *American State Papers, Finance*, I, pp. 427–428.
[34] *Jour. House of Reps.*, 1790–1791, p. 43.
[35] Acts of 6 April, 1791 and 9 April, 1791, XIV *Statutes at Large*, pp. 49, 78.
[36] Act 21 September, 1791, *idem.*, p. 127.
[37] Act 13 Jan., 1794, XV *Statutes at Large*, pp. 7–8.
[38] Act 13 April, 1795, *idem*, p. 287.

placed it in possession of a large amount of wealth. The first of these was the seizure of the proprietary estates in 1779,[39] which gave the state possession of practically all the unsettled area within its borders. The proprietors were allowed an amount in payment less than a quarter of a million pounds.

As has been said, the second circumstance that caused a complete change in the financial condition of the state was the assumption of the war debt of the commonwealth by the United States. This act lifted a burden of $777,983.48 from the shoulders of Pennsylvania taxpayers.[40] How great a proportion of the total indebtedness of the state, unredeemed paper money included, was thus taken over by the federal government cannot be accurately stated. On January 1, 1791, it appears[41] that the total obligations of the commonwealth amounted to about $2,000,000, but the amount due the proprietors, the bills of credit of 1785, and perhaps several smaller items were not eligible for subscription and could not, therefore, be shifted to the national government. Hamilton stated in 1792, after $675,101.33 had been subscribed, that the remaining state debt amounted to about $500,000;[42] but this estimate must have been much too low if he meant to include all the liabilities of

[39] Shepherd, *History of Proprietary Government in Pennsylvania*. Shepherd states that the Divestment Act of 27 November, 1779, provided for the payment of £130,000 to the heirs of William Penn as compensation for the lands thus seized.

[40] *Statement in Relation to Foreign and Domestic Debt, February 24, 1794.*

[41] THE STATE DEBT OF PENNSYLVANIA[1]

Due Jan. 1, 1791

	£	s	d
Bills of credit of 1785	50,862	8	5
Funded state debt including depreciation certificates	365,000	0	0
Unfunded depreciation debt	36,500	0	0
"Dollar Money" in circulation	5,787	15	0
"Shilling Money" in circulation	14,328	18	2
State-Island money	704	0	0
Due the proprietors	210,895	6	0
Certificates issued for interest, etc	52,217	10	11
Floating indebtedness (various sorts)	13,796	0	3
TOTAL INDEBTEDNESS[2]	750,091	18	9

[1] From the *Journal of the House of Representatives* (1791), Report to the House, Feb. 8, 1791, by a committee. (From records of Register General).

[2] Does not include £8,000 estimated outstanding warrants of the Governor and the old Executive Council.

[42] *American State Papers, Finance*, I, p. 150.

the state. It would be more nearly correct to place the remaining debt of the state at about $1,200,000. Assumption enabled the state to drop the direct taxes, a step that would probably have been taken without assumption when the land sales began to return large revenues. But relief from over $777,000 of debt enabled the central government to put the land-sales receipts to other uses, and thus paved the way for small irregular subventions during the period before 1826.

The local governmental units derived their revenues at this time chiefly from taxes on real and personal estates and from various unimportant sources. Their expenditures were light and no extensive revenue systems were, therefore, necessary. But it is important to note that they retained possession of the tax on real and personal property, and that after the repeal of the state tax on those objects they enjoyed the exclusive use of it.

CHAPTER III

THE BEGINNINGS OF THE SUBVENTIONS

Definition and Classification of Grants and Subventions

Before entering upon the consideration of the history of grants made before 1826, it is necessary to define several terms which will be frequently used in this and succeeding chapters. The term "subvention" has not been commonly used by writers on public finance; hence no accurate definition is ready at hand. Dictionaries are of little assistance in a search for the explanation of technical economic terms, but the general ideas that pervade the dictionary definitions are helpful in showing what is the non-technical or every-day meaning of words. The meaning attached by a majority of lexicographers to the word "subvention" is that of a government aid or bounty to any public enterprise.[1] But most dictionary definitions would include subsidies to private commercial concerns, a kind of "grant" that does not fall within the scope of this essay. Hereafter when the term "subvention" is used in this essay it will be taken to mean a grant of services, wealth, or property from a superior to an inferior governmental authority, or to a quasi-public corporation, or to an individual, with respect to some service commonly regarded as public in its nature.

English writers make use of the term "grant in aid" to mean a grant from a superior governmental authority to an inferior, with respect to some statutory duty imposed upon the latter. This term is obviously narrower than the term "subvention." The difference between subventions and grants in aid is that the former may be made to governmental authorities or to corporations and individuals; while the latter is made only to governmental organizations. This difference suggests at once the first basis for a classification of subventions: the legal or political nature of the recipient. In the second place, grants may be classified according to the kind of service assisted. Thus education, poor relief, or road building would fall into different categories. These two classifications are fundamental in arriving at a clear understanding of the nature of subventions.

[1] The Standard Dictionary defines a subvention as "a grant, as of money, in aid of something; a subsidy, especially when regarded as legitimate and proper." A subsidy is defined as "pecuniary aid directly granted by the government to an individual or commercial enterprise deemed productive of public benefit." Webster defines a subvention as "a government aid or bounty; a subsidy."

Two other bases of classification are also significant. Subventions may be permanent annually recurring payments, or single lump-sum grants, or payments made at irregular intervals. Finally, subventions and grants may be classified according to the amount of control over expenditures exercised by the government making the grant. Thus subventions may be unconditional, as when no check is put upon the recipient, except perhaps, the mere statement of the maker of the grant that it is intended for a certain purpose. Conditional subventions are those that cannot be obtained by potential recipients, except by compliance with the terms of the grant or subvention. In extreme cases, a subvention may be so strictly controlled that the recipient acts merely as an agent of the controlling authority or maker of the grant.

The following schematic arrangement presents the four classifications.

I. Classified according to the political and legal nature of the recipient subventions are
   1. Grants in aid, or subventions to political sub-divisions of the governmental authority making the grant
   2. Subventions to quasi-public corporations
   3. Bounties and subsidies, or grants to individuals and corporations engaged in enterprises commonly regarded as purely private in their nature

II. Classified according to the services aided subventions may be divided into as many kinds as there are services receiving aid:
   1. General government (not often found)
   2. Protection to life and property
      a. Police
      b. Protection against fire
      c. The military[2]
      d. Miscellaneous[2]
   3. Education
      a. Common or elementary schools
      b. Secondary schools
      c. Colleges and universities
      d. Technical schools of medicine, agriculture, mechanic arts, etc.
      e. Schools for special classes such as the deaf and the blind

[2] See Chapter VIII *infra*.

4. Charity
   a. General poor relief
   b. The insane
   c. General and special hospitals
   d. Orphanages
   e. Homes for the aged
   f. Miscellaneous institutions, e.g., reformation of prostitutes
5. Recreation: parks, etc.

III. Classified according to duration subventions are
1. Permanent
2. Temporary—for a limited period of time, either one, two or more years
3. Occasional

IV. Classified according to the control exercised by the authority making them, subventions are
1. Strictly controlled
2. Conditional
3. Unconditional

With this classification in mind we may proceed to an examination of the development of the occasional subventions from 1776 to 1826. But before that task is undertaken it is necessary to review briefly the financial policy of the state during this period in order to get a background upon which to project our picture of the subventions.

The Financial Policy of Pennsylvania, 1776 to 1826

The financial history of Pennsylvania from 1776 to 1826 may be roughly divided into three periods. The first, from 1776 to 1793, is characterized by heavy expenditures for war, by the creation of a large war debt, and by unsuccessful attempts on the part of the state to levy direct taxes.[3] These years are also characterized by strict economy in state affairs and by only unimportant instances of expansion of state functions.

The second period extends from assumption of the state's debt by the national government to the enactment of the tax on banks in 1814. During these years the state rapidly reduced that portion of the debt for which the national government had not assumed responsibility. This was made possible by the increasing revenue from land sales and from

[3] *Supra*, p. 16.

the state's investments in banks and other enterprises. So prosperous did it become, in fact, that expenditures for other purposes were also considerably augmented. The receipts from investments amounted, in 1802, to $90,000; in 1810 to $134,868; and in 1814 to $197, 788.[4] Receipts from land sales varied greatly, as might have been expected. In 1795 they amounted to about $120,000;[5] in 1802 to $44,922;[6] and in 1809 to $287,354.[7] Considerable revenue was also derived from auction duties and license taxes. This was essentially a period of prosperity for the state treasury.

During the third period, 1814 to 1826, the significant features of the state's financial policy were the introduction of the bank tax in 1814,[8] the enactment of a law taxing dealers in foreign merchandise in 1821,[9] the act of the same year commissioning auctioneers,[10] and the heavy investments of the state in bridge, turnpike, and bank stock. In 1826 the state held $2,108,700 of stocks in various banks, and $1,835,512 in turnpike companies, $577,923 in bridge and navigation companies.[11] The dividends on these stocks amounted in that year to $132,154.[12] These subscriptions had, in part, been made from the proceeds of loans.

Grants for Education, 1776 to 1826

One of the first objects to which the State of Pennsylvania turned its attenton on emerging from the revolutionary struggle was public education. In fact, the first constitution, adopted in 1776, contained a declaration that "A school or schools shall be established in each county by the legislature, for the convenient instruction of youth, with such salaries to the masters paid by the public as may enable them to instruct youth at low prices: And all useful learning shall be duly encouraged and promoted in one or more universities."[13] Nothing could be accomplished, however, during the turbulent years of the war, and even after

[4] Register General, *Report* (1802); Aud. Gen. *Reports* (1810), and (1814), Summary Statement.

[5] Register General, *Report* (1795).

[6] Aud. Gen. *Report* (1802), Summary Statement.

[7] *Idem* (1810), Summary Statement.

[8] Act 21 Mar., 1814, Sec. X, *P.L.* p. 169. On the date given the act was passed over the veto of the governor.

[9] Act 2 April, 1821, *P.L.* pp. 244-246.

[10] *Idem*, pp. 259-261.

[11] Aud. Gen. *Report* (1826), Appendix, p. iii.

[12] *Idem*, p. 5.

[13] Thorpe's *Constitutions*, vol. V, p. 3091.

independence was gained the load of debt resulting from the war precluded any attempt on the part of the state to assist financially in building up a school system. But the state was rich in one kind of wealth, namely, land. This it could use freely in subsidizing proposed and existing institutions of learning.

The first grant came in 1779 when the University of Pennsylvania was given the proceeds of certain tory estates which had been declared forfeited to the state.[14] Seven years later, 60,000 acres of land, belonging to the state, were set aside for the benefit of educational institutions, but no grants were specifically made from this tract to particular institutions by that act.[15] In other sections of the same act Dickinson College was granted 10,000 acres of land and £500 from the state treasury. In the following year academies were incorporated in Pittsburgh,[16] in Washington County,[17] and in Philadelphia,[18] and each was granted a tract of land for an endowment. The acts incoporating and endowing Pittsburgh Academy (in Allegheny County) are typical of the others that were passed during the next forty years for the endowment of academies and seminaries. The board of trustees was created a corporation with full power over the academy, including the right to receive, manage, and expend the proceeds of gifts and donations to the institution. They were not subject to supervision by any public authority. Vacancies in the board were to be filled by the vote of the surviving members. The acts making the grant of land were absolute and unconditional. For example, one such act simply stated "That the quantity of five thousand acres of land to be located, set out, and surveyed within the unappropriated lands belonging to this state be, and are hereby granted to the trustees of Pittsburgh Academy, to have and to hold the same to them and their successors forever."[19] Within the next twenty-five years, grants of land were made to many other academies and colleges as is shown by the following table:

[14] Senate Committee on Education (1822), *Report*, pp. 4-5. This report was printed separately and may also be found in the *Senate Journal* for 1821-22.

[15] Act 7 April, 1786, XII *Stat. At Large*, pp. 221-224.

[16] Act 28 Feb., 1787, XII *Stat. At Large*, pp. 357-359, and Act 10 Sept., 1787, *idem.*, pp. 489-490.

[17] Act 24 Sept., 1787, *idem*, pp. 527-531.

[18] Act 29 Mar., 1787, *idem*, pp. 479-483.

[19] Act 28 Feb., 1787, *idem*, pp. 357-359.

ACADEMIES TO WHICH THE STATE MADE GRANTS OF LAND OR MONEY

1786–1834[1]

Name of Institution	Date of Incorporation	County	Land Grants		Money Grants	
			Amount (acres)	Date	Amount	Date
Public Schools of Germantown	1784	Philadelphia	.....	.....	$2,000	1821
*Pittsburg Academy	1787	Allegheny	5,000	1787	5,000	1798
Acad. Protestant Episcopal Church, Philadelphia	1787	Philadelphia	10,000	1787	.....	.....
*Washington Academy	1787	Washington	5,000	1787	3,000	1797
*Reading Academy	1788	Berks	5,000	1788	2,000	1807
			488	1818	3,000	1832
Ger. Luth'n Charity School of Philadelphia	1789	Philadelphia	5,000	1789	.....	.....
Reform'd Cong.,Philadelphia	1789	Philadelphia	5,000	1789	.....	.....
*Academy & Free School of Bucks County	1790	Bucks	.....	.....	4,000	1798
*Chambersburg Academy	1797	Franklin	.....	.....	2,000	1799
*York Academy	1799	York	.....	.....	2,000	1798
*Meadville Academy	1802 1806 1811	Crawford	.....	.....	1,000	1806
Beaver Academy	1803 1813	Beaver	500	1803	.....	.....
Norristown Academy	1804	Montgomery	.....	.....	2,000	1805
Bellefonte Academy	1805	Center	(a)	.....	2,000	1806
Easton Academy	(1794)	Northampton	.....	.....	2,000	1805
Greersburg Academy	1806	Beaver	.....	.....	600	1806
Canonsburg Academy	.....	Washington	.....	.....	1,000	1800
Wilkesbarre Academy	1807	Luzerne	.....	.....	2,000	1807
Fall Township Free School	1807	Bucks	(b)	.....	.....	.....
*Union Academy of Doylestown	1805	Bucks	.....	.....	800	1806
Northumberland Academy	1804	Northum'ld	(c)	.....	2,000	1808
Uniontown Academy	1808	Fayette	.....	.....	2,000	1808
Harrisburg Academy	1809	Dauphin	(d)	.....	1,000	1809
					1,800	1818
					500	1832
*Greensburg Academy	1810	Westmoreland	.....	.....	2,000	1810
*Somerset Academy	1810	Somerset	.....	.....	2,000	1810
*Gettysburg Academy	1810	Adams	.....	.....	2,000	1810
*Bedford Academy	1810	Bedford	.....	.....	2,000	1810
*Greene Academy	1810	Greene	.....	.....	2,000	1810
*Butler Academy	1810	Butler	(e)	.....	2,000	1810

ACADAMIES TO WHICH THE STATE MADE GIFTS OF LANDS OR MONEY

1786–1834

Name of Institution	Date of Incorporation	County	Land Grants		Money Grants	
			Amount (acres)	Date	Amount	Date
Chester Co. Academy	1811	Chester			2,000	1811
*Mercer Academy	1811	Mercer			2,000	1811
*Williamsport Academy	1811	Lycoming			2,000	1811
Waterford Academy	1811	Erie	500 (f)	1811		
Erie Academy	1811	Erie	500 (g)	1811	2,000	1820
Loller Academy	1812	Montgomery			2,000	1812
*Venango Academy	1812	Venango	(h)		2,000	1812
Delaware Academy	1812	Wayne			1,000	1812
*Beachwoods Academy	1813	Wayne			1,000	1813
					1,000	1828
Bustletown Academy	1803	Philadelphia			5,000	1813
*Athens Academy	1813	Bradford			2,000	1813
*Orwigsburg Academy	1813	Schuylkill			2,000	1813
*Allentown Academy	1814	Lehigh			2,000	1814
*Indiana Academy	1814	Indiana			2,000	1814
*Lewistown Academy	1815	Mifflin			2,000	1815
*Lebanon Academy	1816	Lebanon			2,000	1816
*Huntingdon Academy	1816	Huntingdon			2,000	1816
*Susquehanna Academy	1816	Susquehanna			2,000	1816
*Westchester Academy	1811	Chester			1,000	1817
					2,500	1834
*Ebensburg Academy	1819	Cambria			2,000	1819
*Wellsborough Academy	1819	Tioga			2,000	1819
Kittanning Academy	1821	Armstrong			2,000	1821
*Warren Academy	1822	Warren	500	1822	2,000	1832
*Clearfield Academy	1827	Clearfield			2,000	1827
*Milford Academy	1827	Pike			2,000	1827
Mifflinburg Academy	1827	Union			2,000	1827
*Lancaster Co. Academy	1827	Lancaster			2,000	1827
*Smethport Academy	1829	McKean			2,000	1829

[1] *Report*, of Senate Committee on Education, read in the Senate March 1, 1822, Mr. Wurts, Chairman. Wickersham's *History of Education in Pennsylvania*, pp. 379-380, and Pamphlet Laws for years in which appropriations were made are authorities used in construction of this table. In only one or two particulars where it has been made more complete does it vary from the data given by Wickersham.

* These academies were required to admit gratis a certain number of poor students for a limited time.

(a) In 1805 the academy was granted certain property formerly granted to the trustees of Center County.

It is noticeable that the policy of granting lands to academies when they were chartered was practically discontinued after 1789. Thereafter, such subventions only amounted, as rule, to sites for buildings. Cash grants were substituted for land after about 1798. The reasons for this change of policy were two. In the first place it was quickly discovered that a grant of wild, uninhabited land was not the kind of assistance needed by a college or academy during the initial period of its existence. What was needed, was immediate financial aid.

The history of Dickinson College is illustrative of this point. The grant of 10,000 acres of land and £500, which had been made in 1786, together with such support of private individuals as the college was able to command, soon proved inadequate, and the institution became heavily involved in debt. Five years after the date of incorporation, the General Assembly was again appealed to, and a grant in cash of £1,500 was made from the state treasury.[20] But four years later, the college was again financially embarrassed and another appeal to the legislature secured a further grant of $5,000 to pay the debts of the institution and to provide a small endowment.[21] In 1803, the building of the college having been destroyed by fire, the legislature loaned it $6,000 for rebuilding, the state taking a mortgage on the lands granted in 1786. In 1806 this loan was increased to $10,000, the lands again being mortgaged as security for repayment, but in 1819 the legislature authorized the governor to cancel the existing mortgage and the college was forever discharged from payment of the loans.[22] In 1821 the legislature provided for the transfer of the remainder of the original land grant held by the college, as well as all investments of funds derived from the sale of such lands, to the state. In consideration the state agreed to

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(b) Also rents accruing from certain lands. See Act of 1807, *P. L.* pp. 91-93.

(c) See Act of 1808, *P. L.* p. 179.

(d) Also a tract of land of indefinite amount. See Act of 1814 *P. L.* p. 24.

(e) Also a tract of land in 1813.

(f) In 1811 the academy was granted 15 town lots in Waterford; in 1816, 8 more lots were granted.

(g) The academy was given 15 town lots in 1811.

(h) In 1823 the academy was granted 2 town lots.

[20] Act 20 Sept., 1791, XIV *Stat. at Large*, pp. 123-124.

[21] Act 11 April 1795, XV *Stat. At Large*, p. 282. For a short account of the grants to Dickinson College see *Report* of The Senate Committee on Education (1822), pp. 7 ff.

[22] *Report* of The Senate Committee on Education (1822), pp. 7 ff.

pay the college $6,000. This act also gave the college an annual subvention of $2,000 to continue for five years.[23]

The history of Dickinson College shows in detail for one institution the futility of the land grant policy. It also illustrates the tendency for occasional grants to become permanent. When once the state had committed itself to the support of the college by the original grant, a precedent for aiding that particular institution was established which made it easier for the college to secure assistance in later years. Also, when the state had once contributed to the endowment of the college, further contributions were necessary to prevent the loss of the original endowment. The working of this tendency is more fully illustrated in the grants to charitable institutions in recent years. The question whether cash grants to colleges and academies during this period were really effective in establishing centers of education must be deferred to the next chapter, when the policy reaches its culmination.

Assistance to elementary education by the state did not develop during the period under consideration in this chapter. In fact, nothing like a state system of common schools made its appearance till the fourth decade of the nineteenth century. An attempt was, however, made to provide for the education of pauper children at public (local) expense but even this was only partially successful. Chief among the reasons for the failure of the pauper schools was the fact that all the children who were enrolled in them were classed as recipients of poor relief and the stigma of pauperism immediately attached to them and their parents.[24] These schools were, therefore, poorly attended and badly conducted.

The failure of the pauper school law to provide education for the children of poor parents and the example of neighboring states that had provided for free schools very naturally caused many persons to agitate for a free common school law in Pennsylvania. In 1792 a committee of the House of Representatives considered the advisability of enacting a law to provide for free common schools. The desirability of a more adequate system of elementary education was conceded without argument. But the adoption of any plan for such a system would have required either a direct state tax or heavy local levies for its support. In the opinion of the committee neither of these expedients was advisable because of the hostility of the people toward heavier

[23] Act 20 Feb., 1821, *P.L.* pp. 47-48.

[24] Wickersham, p. 274.

taxation.[25] Thus the earliest movement for free common schools failed to receive the support of the state and no grant in aid was made to counties or townships for the support of education during this period.

In conclusion, the principal characteristics of the grants to educational institutions during this period may be summed up briefly. (1) Grants in aid to counties and townships did not develop, in part, because of the fear of the legislature to levy the direct taxes necessary for the support of a state-wide system of education, and in part, no doubt, because the people of the state were not ready for a free common school system. (2) Occasional grants were made to promote private educational institutions when it was believed that these institutions could command the support of individual benefactors. After individual support failed, however, as in the case of Dickinson, the state was appealed to from time to time for assistance to pay debts and to rebuild buildings. (3) There was a tendency for these grants of lands for endowment to establish a claim upon the legislature for further assistance. (4) The grants were practically uncontrolled in the beginning, but as time went on, and they became more numerous, the state usually required the college or academy to admit a certain number of students, tuition free. But no audit of the accounts of these institutions nor inspection by a state officer for the purpose of ascertaining whether they lived up to the provisions of their charters and of the grants were, as a rule, provided. (5) The number and amount of the grants seem to have been affected, to a slight extent, by the financial prosperity of the state treasury. (6) Finally, there is no evidence to show what effect state support had upon the tendency of individuals to contribute to the endowment and maintenance of educational institutions.

Grants for Charity

Poor relief in Pennsylvania, as has been pointed out,[26] became a local charge at the organization of Penn's government. During the century following, relief of the indigent included not only the provision of the necessities of life for those who were unable, for any reason whatever, to support themselves, but also the care and maintenance of the insane and the feeble-minded, the care of orphans, and the treatment of the indigent sick. The principle of settlement was introduced in imitation of the English poor law and each county was charged only with those who could prove residence. This provision remained very much the

[25] Report of the Committee on the Establishment of Common Schools, *Jour. of House of Reps.* (1792), p. 177.

[26] *Supra*, p. 12.

same as in the Statute of Elizabeth.[27] The principle that the place of residence (the county) should look after the poor was firmly established when the state first took up the policy of making grants and not even at the present time has any attempt been made to relieve the localities of the primary burden of poor relief. What assistance the state has given—and in recent years it has amounted to millions of dollars annually—has been in aid of special services such as provision for the insane, homes for defectives and orphans, and similar institutions. But this came only with the recognition of the necessity of providing institutions which specialized in the treatment of these classes.

There are instances reported by secondary writers of state aid for the building of almshouses, but these may be regarded as the exceptional cases in which extraordinary local conditions, coupled with influence in the legislature, obtained for the county a special concession.

The first large grants for charity were made to privately owned institutions. Thus the Pennsylvania Hospital, which was chartered by the provincial assembly in 1751, received aid not only from the colonial government, but also, on various occasions, from the British parliament.[28] In 1793 the hospital received a peculiar grant from the state. No money was given, but the legislature conferred on it the right to receive the proceeds of certain liabilities to the state, up to the amount of $26,666.67. In addition, the commissioners in bankruptcy, appointed under the act of 1785, were required to turn over to the hospital all unclaimed sums due creditors of bankrupts.[29] The contributors to the hospital were required to assume responsibility for the repayment of these claims when the creditors appeared within the time allowed by law. The preamble of the act making this grant recited the benefits which the people of the state, and humanity in general, had received from the activity of the hospital, and asserted the claim that it had upon the generosity of the Commonwealth. But the condition of the state finances was, at that time, not such as to warrant a grant of cash directly from the treasury. So the hospital was given the right to collect some

[27] Commissioners to Revise and Codify Poor Laws (1890), *Report*, pp. 31 ff.

[28] Special Committee of the Senate to Inquire into the Propriety of Establishing a Board of State Charities, *Report* (1869), pp. 12-13.

[29] XIV *Stat. at Large*, pp. 435-440.

bad debts and to participate in unclaimed moneys.[30] But this assistance proved inadequate, and, in 1796, the General Assembly appropriated $25,000 to assist in completing certain buildings. This act provided that an account of the manner of expending the sum appropriated should be laid before the legislature.[31]

The second charitable institution to receive state aid was The Pennsylvania Institution for the Deaf and Dumb. Previous to 1821 an association in Philadelphia had been conducting a school for deaf and dumb children. The parents of the pupils were charged with the cost of maintenance and instruction whenever they were able to pay, but many charity cases were also received. In 1821 the General Assembly incorporated the subscribers of the institution. An appropriation of $8,000 was made to the school, and the state agreed to pay $160 annually for each "indigent pupil taught in said school," but no child could remain there at the state's expense for more than three years. That part of the act obligating the state to pay for the instruction of indigent pupils limited the annual expenditure for the purpose to $8,000. The duration of the annual grant was limited to four years. The corporation was required to report annually to the legislature on the finances and on the management of the institution, but no supervision, either of finance or of methods, was required.[32]

These early grants to charitable institutions are significant in that they show the absence of any theory of limitation upon the power of the legislature to aid privately owned charitable institutions if such aid seemed desirable. Since the Pennsylvania Hospital had rendered notable assistance to the public, both during the Revolutionary War and during severe epidemics, it appeared just that the people, through their representatives, should assist the hospital when it was in financial need. The grant to the school for the deaf and dumb was of a somewhat different sort, since it recognized the obligation of the state to contribute annually to the support of a charitable institution which rendered a needed public service.

[30] Thomas G. Morton, in his *History of The Pennsylvania Hospital*, makes the statement, p. 77, that the hospital received $19,000 from the estates of bankrupts, and intimates that all the $26,666.67 was collected. He also mentions, p. 66, that in 1782 the General Assembly turned over to the hospital unclaimed shares in prizes captured by American privateers during the Revolutionary War. The amount derived from this source was not considerable.

[31] Act 4 April, 1796, XV *Stat. at Large*, pp. 466-467.

[32] Act 8 Feb., 1821, *P.L.* pp. 30-33.

Grants in Aid for Roads and Bridges

From the earliest times in Pennsylvania, two kinds of roads were recognized. The Assembly controlled all "King's Highways," while other roads were subject to local jurisdiction. Later this distinction seems to have been lost. During the early colonial times many "King's Highways" were laid out, but from 1776 to 1791 the government paid very little attention to road making, unless military operations demanded it.

No settled policy in distributing the burden of road making was adhered to during the colonial era. Sometimes the central government authorized the construction of "King's Highways" at local expenses sometimes, especially when roads were of military importance, the colony undertook their construction. No distribution of duties between the localities and the central government was, however, worked out. On the whole, we may say that down to 1790 the roads of Pennsylvania were constructed and financed by the localities.

In 1791 the state appropriated $20,000 for the construction of roads by contract; in 1792, $21,305 was added and in 1793, $38,221.[33] All these improvements were made directly by the state without assistance from the localities. There is no evidence to show that these roads were part of a contemplated system of highways, although there is every reason to suppose that they were the more important lines of communication.

In 1799 a peculiar grant was made to Bedford County. The county had long owed a debt to the state treasury. This sum the governor was authorized to collect and turn over to the county authorities to be used for the construction of certain bridges and the improvement of a state road. The occasion for this grant in aid was briefly explained in the preamble of the act, which sets forth the need for the bridges, the great burden of road improvements in that mountainous country, and the inability of the people to raise sufficient money by taxation to defray the cost of the improvements.[34] In the same year Mifflin County received a grant of $800 for the improvement of roads within its borders. This money was not to be drawn from the state treasury, but was to be collected by the county from the arrearage of direct taxes due the

[33] Breck, S. *A Sketch of the Internal Improvements Already Made in Pennsylvania* (1818), p. 4. For a detailed statement of these improvements see a description of the contracts in "Contracts to improve Roads and Rivers," found with Register General's *Report* (1797).

[34] Act 28 Mar., 1799, XVI *Stat. at Large*, pp. 214-215.

state.[35] Here again the law recites the difficulties of road construction and the need for improvements. Both these grants were made to the county commissioners to be expended in making improvements designated by the legislature, but the manner in which the moneys were to be expended was left entirely to the discretion of the county officers. No inspection of the work, nor audit of accounts by representatives of the state was required. These payments are, therefore, to be classed as unconditional grants in aid. The peculiarity of these two grants, and of a considerable number of others made about the same time, is that the state turned over to the counties claims for taxes and other debts due from the counties themselves.

But not all grants in aid of this period exhibited the peculiarity just mentioned. In 1805 an act was passed granting the commissioners of Allegheny County $500 from the state treasury to build roads. Here the act was justified on the ground that roads connecting the older sections of the state with the Ohio Valley would benefit the state at large, and that the cost of their construction was too great a burden for the county to bear unassisted.[36] The only measure of control exercised by the state was the withholding of the money granted until the work was completed. Audit of the accounts by the county auditors was, of course, required.[37]

After 1806 the settlement of the western portion of the state went on rapidly. The demands for state aid in building roads and bridges greatly increased, and grants became more numerous. In 1809, the Auditor General reported $7,528 paid to the commissioners of various counties for aid in road building.[38] In the same year the state expended $13,548 directly in improving roads.[39]

There was, at this time, apparently no settled policy of the division of the work of road construction between the state and the counties. In 1809 an act was passed authorizing the governor to appoint commissioners to lay out a state road in Chester, Lancaster, and York counties. These commissioners acted as state officers, but the act provided that both the cost of construction of the roads and the pay of the com-

[35] Act 11 April, 1799, XVI Stat. At Large, p. 323.

[36] Act 29 Mar., 1805, *P.L.* 1804-1806, p. 174-175.

[37] *Ibid.* For other grants of a similar nature, for which no state audit or inspection was required, see Act 28 Mar., 1806, *P.L.* 1804-1806, pp. 637-639, by which the commissioners of Venango, Centre, and Green counties were granted $300, $500, $200, respectively, for the constrction of specified sections of designated roads.

[38] *Report* (1809), pp. 20-21.

[39] *Ibid.*

missioners should be drawn from the local treasuries.[40] Another law containing similar provisions applied to roads to be laid out in Cumberland, York and Adams counties.[41] Thus, at about the same time, we find the state pursuing three different policies in making and paying for road improvements. In some cases it made grants in aid to the counties; in others it required the counties to build and pay for certain highways; in still others it made the improvements and paid for them from its own treasury.

The grants to counties for road improvements continued to be important items in the state budget during the years 1810 to 1820. In 1811, by a single act, twenty-two counties received grants varying from $400 to $1,400, and amounting in the aggregate to $15,400.[42] But the grants became relatively fewer after 1818. The reason can only be conjectured. In part, this change of policy may be attributed to the increase in the number of private turnpike companies to whose stock the state subscribed liberally; in part, it was probably due to the fact that the more important roads had by that time been constructed; in part, to the fact that, with the growth of the counties in wealth and population, state aid was no longer necessary to enable them to construct highways; and, finally, with the advent of canals as the carriers of heavy traffic road-making became less important to the community as a whole.

We may summarize briefly the policy of the state in making grants to aid counties in road building. In the first place the causes for the grants were: (1) the very vital interest of the entire state in the construction of good highways; (2) the desire to encourage local activity in road building. The occasions for making these grants were usually: (1) the superior financial resources of the state; (2) the necessity for building roads in an unsettled, difficult country, or the construction of expensive metalled roads to connect important commercial centers; and (3) the attempt to collect from the counties taxes and debts long over-due.

In general the grants were conditional in that they were made for a specified purpose. But they were uncontrolled by the state, either through inspection of the service subsidized, or through inspection of accounts. No judgment can be passed upon the efficacy of the grants in achieving their purpose—i.e. the encouragement of the counties in

[40] Act 22 Mar., 1809, *P.L.* pp. 85-86.

[41] Act 28 Mar., 1809, *P.L.* pp. 118-119.

[42] Act 2 April, 1811, *P.L.* pp. 259-266.

road building; nor can we determine whether the funds appropriated were used efficiently.

Other Grants and Subventions, 1776 to 1826

During colonial times it was not unheard of for the central government to assist the local governments in almost any undertaking involving the expenditure of money. But such general grants were neither large nor common and during this period grants in aid, for purposes other than roads, are found only occasionally. In 1805, for some unexplained reason, the General Assembly presented Indiana County with so much of the proceeds of land sales as would defray the cost of the erection of county buildings.[43] In the following year Venango County received a similar grant, limited in amount to $1,000.[44] In 1811 the Inspectors of Prisons of Philadelphia were granted $5,000 with which to complete a jail.[45] But such grants were of slight fiscal importance during this period.

Conclusions and Summary

During the first seventeen years of this period the difficulty of collecting the direct tax and the burden of the war debt made the introduction of a subvention system on a large scale practically impossible. The *occasions* for making grants were, however, present. The attempts to aid colleges and academies and the report of the Committee on Common Schools (1792) show this clearly enough. But since the state treasury was already overburdened, nothing could be accomplished. On the other hand the state was rich in lands and from these it made donations in aid to academies and colleges until the futility of the policy was so clearly established that its abandonment was accepted by all.

During the latter part of the period small grants of money were made to academies and to localities for road building. All these grants were temporary or occasional. Only in the subvention to the institution for the deaf and dumb does a permanent annual grant make its appearance. Another outstanding characteristic of the subventions at this time was the lack of control by the grantor. But this is not out of keeping with the more lax methods of conducting public business which prevailed in state and local governments during the period under consideration.

From the data presented the conclusion must be drawn that the subventions made during this period were in no sense the results of a general

[43] Act 25 Mar., 1805, *P.L.* p. 121.
[44] Act 26 Mar., 1806, *P.L.* p. 64.
[45] Act 2 April, 1811, *P.L.* p. 266.

plan. The grants were, with one exception, exceedingly haphazard, and there is no evidence now extant to show that any of them was the result of a thorough investigation or serious consideration on the part of the legislature. Many must be regarded as successful forays upon the treasury by the representatives of certain sections of the state. As such they were supported by no theory of politics or of finance except the eminently practical one that to the victor belong the spoils. Subventions thus obtained were not always without merit nor can we condemn them simply because political manipulation was responsible for their existence unless we are prepared to subscribe unreservedly to the doctrine of tainted money.

CHAPTER IV

THE BEGINNING OF PERMANENT ANNUAL GRANTS FOR EDUCATION AND FOR CHARITY, 1826 TO 1843

The Financial Policy of the State, 1826 to 1843

The financial arrangements which characterized this period of the state's history were so unusual and had such important effects upon the subventions for the next half century that it is necessary to set them forth in considerable detail. In 1826 was begun the construction of the "state works." Previous to this time the state had subscribed freely to the stock of companies engaged in building roads and canals, but no important projects had been directly undertaken. About 1826, however, as the result of a popular demand for more adequate transportation lines, the state began the construction of a widespread system of canals.[1]

State construction and operation having been decided upon, the next question that came up for settlement was the method of financing the new ventures. Since it was confidently expected that the public works would prove exceedingly profitable in the near future, it was decided to borrow the funds for their construction on the credit of the state. As has been pointed out[2] the state had already borrowed large sums to invest in the stock of private corporations engaged in similar operations.[3] Borrowing for the construction of state works was not, therefore, regarded as an innovation. And assuming that the opinion commonly held as to the profitableness of the works was a sound one, the policy of borrowing was also sound. Practically none of the money that went into the building of the canals came from taxation. Worthington has shown that until the state received the bonus for rechartering the defunct Bank of The United States as a state corporation and the deposit of the surplus revenue in 1837, the annual expenditures for the public works practically coincided with the annual amounts of the loans.[4] From 1839 to 1843

[1] For a detailed account of the popular movement for direct state action in providing transportation facilities, see Bishop, *The State Works of Pennsylvania*, Ch. II,pp. 167-188.

[2] *Supra*, p. 23.

[3] See *Pennsylvania Archives*, IV Ser. V, pp. 553 ff.

[4] See diagrams at the end of his monograph.

large loans were again the order of the day and the debt of the state increased from $25,229,003, in 1839, to $40,491,708, in 1843.[5]

The interest charge upon this rapidly increasing debt constituted, throughout the entire period (1826 to 1844), the largest single item in the current expenses of the state government. Had the canals proved as successful as the public expected, a large part of the annual interest charge would have been defrayed out of the profits from operation. But the expectation of the public was not realized, for the entire available receipts from the works amounted to only $9,287,000 for the years 1826 to 1843, while the interest charge for those years amounted to $16,231,000.[6] It was necessary, therefore, to secure funds for the payment of interest from other sources.

The act of 1826, which authorized the first large loan for the construction of the canals, provided that the state treasurer should, in 1826, pay the commissioners of the internal improvement fund an amount sufficient to defray the interest charges on loans incurred during that year. This payment was to be made from the proceeds of the duties on auctions. After 1826 $30,000 of the proceeds of the auction duties, the dividends on canal, turn-pike and bridge stock, canal tolls, and the net proceeds of escheats were to be turned over to the commissioners for the payment of the interest and for the redemption of the principal of the loans. The commissioners were also authorized to receive all appropriations by the state legislature, and donations and grants by Congress, by individuals and corporations for internal improvements and to apply them to the purposes for which they were granted.[7] The defects of the provisions for the payment of interest are so obvious and have been criticized so often that it remains only to point out that, with the exception of the duty on auctions, the revenues assigned to the commissioners were all of uncertain yield, and not the type of income that a careful financier would select for meeting a fixed charge.

It is not surprising, then, to find that difficulty was soon experienced in paying interest. This was principally due to the fact that the revenues were not adequate. That they were not certain, as it happened, was of minor importance.

[5] Tenth Census, VII, *Valuation, Taxation and Public Indebtedness*, pp. 541-545. The figures include relief notes, interest certificates, domestic creditors' certificates, and the funded debt. They do not include the amount of the surplus revenue deposited by the U. S. Treasury.

[6] Bishop, p. 222.

[7] Act 1 April, 1826, *P.L.* pp. 166-167.

As early as 1829 short-time loans were required for making interest payments.[8] In 1831 in an effort to remedy the situation a tax was imposed upon all real estate and upon certain specified kinds of personal property.[9] The yield of this tax in 1835 was approximately $209,000.[10] The debt at that time amounted to about twenty-four and one-half millions,[11] and the interest charge at 5 per cent was something in excess of six times the yield of the tax that had been levied to aid in its pay-

[8] Bishop, p. 210.

[9] Eastman, *Taxation for State Purposes*, p. xi.

[10] The yield of the various sources of state revenue for certain years is given is the following table.

INCOME FROM REVENUES AND FROM LOANS FOR CERTAIN YEARS 1826 to 1842.[1]

(in thousands of dollars)

	1826	1830	1835	1842
I. All Taxes	163.6	203.5	417.6	730.2
1. Auction duties	108.8	132.2	57.2	57.4
2. Auction commissions	20.7	19.5	10.9	19.9
3. Tax on bank dividends	23.3	20.1	68.5	44.9
4. Tax on certain offices	10.8	10.0	13.8	6.3
5. Tax on writs, etc.		3.0	24.7	37.7
6. Collateral inheritance tax		18.7	32.2	38.7
7. Tax on real and personal property			209.0	486.6
8. Tax on corporation stocks				37.1
9. Tax on coal companies			1.3	
10. Tax on salaries				1.6
II. Licenses and Permits	76.1	96.6	210.9	141.9
1. Tavern licenses	34.6	44.3	57.8	50.3
2. Dealers in foreign mdse.	41.5	51.6		
3. Pedlars		.7	5.8	1.9
4. Retailers			80.7	84.2
5. Bonus on bank charters			66.6	
6. Brokers				5.5
III. Commercial Receipts	176.4	272.1	205.9	57.9
1. Land sales	43.6	120.1	26.4	21.8
2. Dividends on stocks owned	132.2	151.4	179.2	35.8
3. Miscellaneous	.6	.6	.3	.3
IV. Canal Tolls, etc.		25.7	684.4	908.9
V. Miscellaneous Receipts	11.6	26.5	4.2	7.0
TOTAL REVENUES	427.8	624.4	1,523.0	1,845.9
LOANS DURING YEAR	299.9	5,707.0	1,750.6	934.7

[1] From *Reports* of Auditors General and State Treasurers.

[11] $24,589,743, exactly.

ment. Furthermore, the yield of other revenues devoted to the payment of the interest did not approach by many thousands of dollars the amount needed. If the interest charge of about $1,200,000 is added to the expense of operating the state government, we have a total of over $1,800,000, which was greater by $300,000 than the total income of the state from all sources except loans. The policy tentatively adopted in 1829 of borrowing money to pay interest had, by 1831, become the confirmed practice. This policy may be explained, if we remember that at that time scarcely anyone doubted the ultimate success of the public works; that it was a time of most reckless speculation in private business when principles of sound finance seem to have been completely ignored;[12] and that the belief was prevalent that the state should not levy direct taxes.

In 1836 the legislature chartered the Bank of the United States, receiving in return for the privileges granted a large bonus in cash and a loan for the internal improvement fund.[13] In the same year Congress authorized the deposit of the surplus revenue with the various states, and Pennsylvania received $2,867,000.[14] The act chartering the bank repealed the tax on real and personal property, but the state soon dissipated the funds that were so easily obtained, and the tax was renewed with slight alterations in 1840.[15] In the meantime borrowing to pay interest was again resorted to.

The table on page 39 shows that in 1842 the new tax yielded $486,600, and that the total revenue of the state—canal tolls, etc., excluded—was only $937,000. At this date the interest on the debt was approximately $1,666,000. Loans to pay the interest were necessary and the state was soon in serious financial difficulty. In the following year interest payments were suspended. The people were now told the truth about the financial prospects of the public works, and a heavy tax was levied to pay the current and over-due interest on the state debt.

The probable effect of the reckless and unsound financial policy of the state during these years upon the amount and character of the subventions cannot be readily determined. At first sight it would seem likely that the unsuccessful outcome of the venture in public ownership, and the resulting embarrassment of the treasury, would lead to parsimony

[12] For a good contemporary explanation of the spirit of speculation that prevailed during the period, see *No. Amer. Rev.* for Jan. 1844, LVIII, pp. 109-157.

[13] Act 18 Feb., 1836, *P.L.* pp. 36 ff.

[14] Tenth Census, VII, *Valuation, Taxation and Public Indebtedness*, p. 529.

[15] Eastman, *Taxation for State Purposes*, p. xiii.

in state expenditures. Hence the time would be very unfavorable for the introduction of permanent annual subventions.

On the other hand, many of the political events of the time made the period 1826 to 1844 an exceedingly favorable one for the establishment of subventions. The complete confidence of the officials, and of the public generally, in the ultimate success of the canals[16] led them to anticipate large profits and to increase state appropriations for practically all purposes during this period. Furthermore, the entrance of the state into the industrial field and the expenditure of large sums on the canals very naturally tended to break down existing prejudices against wider state activity and to justify other forms of public enterprise not previously engaged in.

The development of an adequate state tax system at this time would, of course, have made subventions possible and would, in large part, have avoided bankruptcy during the period 1842 to 1844. The failure to levy taxes was due, in part, as has been stated, to the belief that the people were either unable to bear heavy taxation, or that they were unwilling to submit to it. And the politicians, who were very much interested in the advancement of the internal improvement schemes, naturally feared to endanger the popularity of such projects by levying obnoxious direct taxes to pay interest on money borrowed for the construction of the improvements. Again, the state was embarrassed by its inability to collect the taxes that were levied, even when it needed them most. At no time before the tax act of 1844 was passed did the central treasury have machinery adequate for the collection of direct taxes, and even after that date, the development of such machinery required much time and many amendatory acts to put it in smooth running-order. The following quotation from the annual message of Governor Porter, in 1844, illustrates the inefficiency of collection: "The amount of taxes levied and paid into the State Treasury, under existing laws was as follows: In the year 1841, the amount levied was $416,794.85; there was paid into the treasury during that year $33,292.77. In 1842, the tax levied was $659,512.47; the amount paid in the same year was $486,635.85. In 1843, the amount levied cannot be ascertained with accuracy, in consequence of failures on the part of county commissioners in several counties to make returns to the proper office; but making an estimate from the best data that can be obtained, it will not fall short of

[16] For expressions of such belief see messages of governors: Governor Wolf, 1833, *Pennsylvania Archives*, IV Ser. VI, 125; Governor Ritner, 1836, *idem*, p. 309. For a less sanguine view see message of Governor Porter, 1840, *idem*. p. 594.

$945,000,00. The tax paid into the treasury the past year was $553,911.38."[17] The governor also explained that he had no means of enforcing the execution of the tax laws in those counties where local negligence or local opposition resulted in inadequate collection.[18]

Without attempting to pass judgment upon the causes of the unfavorable outcome of the Pennsylvania experiment in government ownership of the means of transportation, we may yet characterize the financial policy of the state for the period 1826 to 1844. In the first place the period was marked by a great increase in the activities of the state government. Expenditures for the canals, as compared with previous outlays by the state, were enormous; payments for general government also grew rapidly; and a spirit of optimism and of liberality pervaded the legislature and other branches of government. How important was the influence of the large expenditures for the public works in accustoming the people to more liberal appropriations for other departments cannot, of course, be determined, but it is safe to say that when millions were paid out annually for canals, less attention would be given to smaller payments, even though they were characterized by extravagance and by inadequate control.

The second characteristic of the period was the method employed to raise funds to meet these increasing expenditures. The role of the direct taxes was still a minor one, and the state depended for its receipts upon loans, upon bonuses paid by the Bank of the United States, and upon the surplus deposited with the commonwealth by the federal government. The people were not made to feel, by heavy direct taxation, the effect of large expenditures. The principal check upon extravagance known to public finance was thus absent.

In the third place the spirit of optimism and financial irresponsibility that seemed to pervade the entire community led in public as well as in private finance, to a growing disregard for the principles of sound accounting and of commonsense business practice.

It is evident that in so far as the financial policy of the state involved indiscriminate appropriations the way was open for both permanent and occasional grants. Furthermore, the aversion of the people to local direct taxation would naturally lead those who sought to introduce new local services, or to develop existing ones, to appeal to the more liberal state government for aid. And finally the lack of responsibility in state

[17] *Pennsylvania Archives*, IV Ser. VI, p. 994.

[18] *Ibid.*

finances would permit the establishment of such subventions as were introduced without the application of central audit or control.

Grants for Charity, 1826 to 1844

The first local service to receive aid from the state treasury, during this period, was that of charitable relief. But it must not be supposed that the state contributed to the support of common paupers. The charities first aided were those that were engaged in assisting special classes of indigents. The education of the children of poor parents in Pennsylvania, during the colonial and early state history was generally looked upon as a form of poor relief. The constitution of 1790 required the legislature to provide schools wherein the "poor may be taught gratis"; and the law of 1809 and its amendments placed such education as was provided in the category of charitable assistance. The child who attended local schools and had his tuition paid in accordance with such laws was as much a recipient of poor relief in the eyes of the law as was the indigent who sought aid of the directors of the poor. At no time did the state offer direct assistance to the localities in the education of the poor under this system, and an examination of the policy pursued under it, finds no place in a discussion of subventions. When the state first undertook to aid the localities in the provision of free education, one of the modifications made in the existing system was the removal of the stigma of "poor relief" from the schools by opening them to all children of school age, rich and poor alike.

In order to present concretely the subject matter of this section and to limit the field of investigation, use will be made of a schematic classification of indigents requiring public assistance. Indigent persons may be classified as follows:[19]

I. Indigent Defectives
   1. Deaf mutes
   2. The blind
   3. The insane
   4. The idiotic and feeble-minded
   5. Epileptics

[19] Adapted from a classification given by Henderson, *Modern Methods of Charity*, p. 396. Mr. Henderson did not include I.8, but there is no good reason for including the inebriate and excluding the indigent who, because of some incurable disease has become a charge upon society, and who is now usually cared for in institutions adapted for the purpose. In the original, there are no sub-classes under III.

6. Inebriates
7. Consumptives
8. Other indigent persons incapacitated by illness

II. Neglected and abused children

III. Mentally and physically normal adults in extreme indigence
1. Those requiring occasional relief, chiefly outdoor relief
2. The inmates of almshouses
3. The aged poor

At the present time there is no clear line of demarcation between "education" and "charity" in the case of expenditures for teaching the blind and the deaf-mutes. If, as is commonly asserted, the state is under obligation to provide for industrial education in the larger cities—for the instruction of a special class in particular localities—it seems equally clear that it is also under obligation to provide special facilities for the training of those who happen to be without sight or the powers of hearing and speech. In both cases the principal argument for the establishment of special schools is that the class to be benefited cannot gain proper training in the general system of common schools and that without this training they will become inefficient members of society. The expenditures for the education of the blind and of the deaf-mutes might well be classed with payments for common schools at the present time.

When schools for these special classes were first established in Pennsylvania, all pupils whose parents could afford the expense were charged for tuition and maintenance; but the state, and charitably inclined individuals, undertook to provide for the education of those whose parents were unable to pay. Hence it seems better to treat subsidies for the support of such schools as payments for charity.

In Pennsylvania during this period the deaf and dumb and the blind were the only classes of indigents that consistently received assistance from the state. Public opinion had not progressed far enough to permit of the provision of free treatment for such classes as the indigent sick (common hospital cases) or consumptives. It must not be inferred, however, that no provision was made for taking care of other sorts of charity cases, such as the sick, orphans, the insane, and the adult blind and deaf and dumb. Sometimes they were taken care of by private institutions, and that failing they were, in practically all communities, herded together indiscriminately in the common almshouse.

As was pointed out in Chapter III, the first attempt on the part of the state to provide special treatment for defectives resulted in the

establishment of the Institution for the Deaf and Dumb. This school was established at Philadelphia, with state aid, in 1821.[20] The policy inaugurated in dealing with it was continued throughout the period 1826 to 1844.

The Institution for the Instruction of the Blind, which was incorporated in 1834,[21] was, with respect to its general purpose, modeled after the Institution for the Deaf and Dumb. The former school had its beginning in the work of a German, Julius R. Friedlander, who with the support of local philanthropy had begun to instruct the blind in Philadelphia as early as 1832.[22] The school was aided by many people of that city, and in 1834 the state agreed to contribute to its support. As in the case of the earlier institution for defectives, the school for the blind probably gained much financial support by being largely educational in character. The fact that it was situated in the only large city of the state and had the approval of the charitably inclined of that city must have contributed to its success in obtaining aid from the legislature. But more potent than any of these facts was the offer of individuals to contribute to its permanent support. The policy of assisting academies and colleges was well established; and in appropriating money for the aid of a school that was assisted by contributions from individuals the legislature was not making an entirely new departure. Then too, the grant to the Institution for the Deaf and Dumb, established in 1821, constituted a precedent had one been needed.

The Institution for the Blind was liberally dealt with when the subsubscribers were incorporated in 1834. An unconditional grant of $10,000 was made to the corporation to aid in constructing a permanent home; and a further payment of $10,000 was to be made from the state treasury if the managers were able to raise in cash, by private subscription, $20,000 for an endowment. The state also agreed to pay annually $160 for the training of each indigent pupil who was a resident of Pennsylvania. Three conditions were placed upon this annual subsidy: the total payment by the state was not to exceed $9,000 annually; no pupil could remain in the school at state expense for a longer period than six years; and the duration of the subsidy was limited to six years. The last provision may have been inserted to indicate that after that period, the institution should be compelled to depend upon private benefactions. It is more likely, however, that it was intended to prevent the appro-

[20] See *supra*, p. 31.

[21] Act 27 January, 1834, *P.L.* pp. 16-18.

[22] Wickersham, p. 444.

priation from becoming permanent without further legislative action. The limitation of the subsidy to $9,000 annually was obviously for the purpose of fixing an upper limit to the state's responsibility; while the provision concerning the length of time a pupil might remain at the school at state expense, indicates clearly the educational character of the institution; it was not to become a state home for the blind.

Table I in the Appendix shows the trend of the grants to the Institution for the Blind and to the school for the deaf and dumb. The amount appropriated by the Assembly did not, of course, fluctuate so much over short periods as the table indicates, since the statistics are for actual payments, and the irregularity of the state treasurer in making annual payments sometimes caused a part of the legislative appropriation for one year to appear in the receipts of the institution with that for the following year.

The annual state subsidy to the institution for the deaf-mutes remained throughout this period at $160 for each indigent child maintained at the school. The same amount was granted to the Institution for the Blind when it was established. In 1836, however, on the representation of the managers of the school that the annual cost of educating a blind child was greater than that of educating of a deaf-mute,[23] the legislature increased the subsidy to $200.[24] Increases in the subsidy paid each school must therefore have been due to an increasing number of state pupils or to occasional grants for permanent outlays or for the liquidation of indebtedness.

The history of the grant to the older institution is quite uneventful for the years 1826 to 1834. In the latter year, however, a distinct upward trend that culminates in the extravagant years of 1837-38 sets in. The usual appropriation was then more than doubled. These augmented payments were utilized to extend the scope of the school and to pay off accumulated indebtedness.

The amount of the subsidy paid to the Institution for the Blind shows the same general trend as that paid to the school for deaf-mutes. In the same year that the annual payment for state pupils in the former was increased to $200, the conditions for maintaining children at state expense were made less exacting in both schools. The age of admission for deaf-mutes was fixed at ten years, but none could remain after his twentieth year; the number of years that a pupil might be educated at

[23] See Institution for the Blind, *Annual Report* (1838), p. 24, for reiteration of this argument.

[24] Act 31 March, 1836, *P.L.* p. 328.

state expense was increased from five to six years, and the limitation of a maximum subsidy of $9,000 annually was removed.[25] At the same session of the General Assembly, the maximum period during which any indigent child might be educated at state expense in the school for the blind was increased to eight years.[26] This liberalizing of the conditions, under which the state grant might be claimed, was due, no doubt, to the prosperity of the treasury at that time, and in part to the success of the schools in achieving the objects for which they were organized.

The relative share of the state in the cost of operating the two schools is shown by the table on the following page. From all appearances[27] the older institution had been more liberally dealt with than had the institution for the blind. Whether it had received a larger subsidy in proportion to its needs, or in proportion to its actual achievement, cannot be determined.

The table on page 48 shows clearly that in the case of the older institution the relative contribution of the state to the total annual revenue increased steadily during the years 1825 to 1844. In the latter year practically no assistance was received from private bequests and donations, the revenue of the school being derived from the state subsidy, from pay pupils, and from payments of other states for their indigent children educated in the school. In fact, the institution seems to have assumed a commercial role and to have bid openly for the patronage of other states, charging the same amount as was paid by Pennsylvania for her indigent scholars.[28]

The managers of this school recognized that they had been deserted by the charitable people of their own city. An urgent "APPEAL" for donations and bequests, published in their Annual Report for 1842,[29] deplores the lack of interest in their work exhibited by the public generally. Whether or not the decline of private giving was caused by the increasing liberality of the state cannot be definitely determined. The statistics of receipts would seem to indicate that such was the case; but the failure of the school to attract any considerable number of important bequests might well be due to causes entirely independent of the feeling that there was no need for the support of individuals.

[25] Act 4 April, 1838, *P.L.* p. 265.

[26] Act 14 April, 1838, *P.L.* p. 398.

[27] See Table I, Appendix.

[28] Institution for the Deaf and Dumb, *Annual Report* (1842), p. 9.

[29] *Idem*, p. 12.

RECEIPTS OF THE INSTITUTION FOR THE DEAF AND DUMB FROM THE STATE TREASURY AND FROM OTHER SOURCES, FOR CERTAIN YEARS, 1825–1844[1]

Receipts	*1825*	*1840*	*1842*	*1844*
From the state	$7,954	$9,990	$11,285	$11,000
Pay pupils of other states	906	3,124	3,206	3,563
Other pay pupils	1,558	2,633	2,580	2,240
Donations and income from investments	2,123	148	436	300
Subscriptions and gifts	2,263	78	.....	34
Miscellaneous	993	906	377	229
Total	$15,797	$16,879	$ 17,884	$17,366

RECEIPTS OF THE INSTITUTION FOR THE BLIND FROM THE STATE TREASURY AND FROM OTHER SOURCES, FOR CERTAIN YEARS, 1835–1844

Receipts	*1835*	*1838*	*1841*	*1844*
From the state				
For maintenance	$ 666	$ 5,421	$4,104	$11,042
For buildings	10,000	10,000	.....	.....
Pay pupils and from other states	307	400	2,778	1,492
Donations	.....	10,449	558	.....
Annual subscriptions	663	.....	330	184
Interest on investments	307	751	238	8,516
Miscellaneous	1,183	358	1,167	1,737
Total	$13,126	$27,379	$9,175	$22,971

[1] These statistics are taken from the *Annual Reports* of the institutions to the legislature. Receipts from loans and from the sale of property have been excluded. The composition of "miscellaneous" is: doubtful items, sale of manufactured articles, and labor of inmates. The data in the original report are so badly confused and so meagre that only the roughest kind of comparisons can be made. The receipts from the state do not agree with the amounts given in Table I, Appendix, chiefly because the fiscal years of the institutions were different from that of the state.

In the case of the Institution for the Blind, as can be seen from the table on page 48, the tendency of private giving was just the opposite. As the school grew older and the state appropriation increased, the income from legacies and from donations also increased, both absolutely and proportionately. A large part of this income was, however, derived from the benefactions of a single man,[30] and the benevolent interest of one wealthy patron is by no means so significant as the growth of indifference on the part of the general public. The conclusion that may be drawn from the experiences of both schools relative to the effect of state support upon private giving is, therefore, a negative one. As far as the evidence goes it does not show that private giving was greatly discouraged by the introduction of state aid.

The state did not have a share in the management of either institution commensurate with its contributions. The managers and the officers of both were elected or appointed by the subscribers, and no state administrative officer had, during this early period, any voice in the management. This statement applies not only to the methods of instruction employed, but also to financial arrangements and to the selection of the personnel of the official staffs. Both institutions were required to make an annual report to the legislature, but so meager was this document that it cannot be regarded as furnishing that body with satisfactory information as to actual administration. It consisted of only a few pages devoted to a financial statement and a brief outline of the instructional policy of the school, together with a list of the pupils and numerous self-laudatory passages for the consumption of the members of the General Assembly.

Not only was state control quite lacking with regard to the educational policy of both schools, but formal audit of their accounts by a representative of the state was also absent. The central government not only expended money for services, the standards of which it could not control, but it also contributed that money for the support of the schools under such defective arrangements that misapplication could not have been prevented. Despite this lack of audit by authorities representing the state, there seems to be no evidence that these funds were not faithfully applied for the benefit of the indigent state pupils and to serve such other purposes as the legislature designated.

Relief of the second class of indigents, neglected and abused children, was carried on during this period, for the most part, without contribu-

[30] See *Annual Report* (1841), p. 5.

tion from the state. There were two excepions to this general policy. In 1838, after the General Assembly had become recklessly extravagant in expending the revenue derived from the chartering of the Bank of the United States and from the deposit of the surplus federal revenue, an act was passed granting to the president and managers of the Orphan Asylum Society of Pittsburg and Allegheny, $1,000 annually for ten years.[31] This amount was to be paid out of the dividends on stock owned by the state in the Allegheny Bridge Company. At the same session the Orphan Asylum of Lancaster received a grant similar in amount and duration.[32] These subsidies were practically unconditional grants without audit or control. Both grants were discontinued when financial disaster overtook the state. Had the treasury continued prosperous, it is probable that a considerable number of such subsidies would have arisen at this early date. This conjecture is supported by an act passed by the legislature in 1838, which authorized a subsidy of $25,000 to the Western Pennsylvania Hospital Society (of Pittsburg), on condition that a similar amount should be subscribed by the people of Pittsburg.[33]

Another type of local service receiving aid from the state during this period, while not strictly a form of charitable relief, had also to do with the provision of proper environment and training for neglected children. Investigations about 1824 had shown that the local jails and prisons contained many juvenile offenders and incorrigible children, who, instead of receiving elementary education and training in a trade, were in many cases becoming professional criminals. In response to a local demand the legislature in 1826 incorporated subscribers to establish an institution in Philadelphia for the reformation of juvenile delinquents.[34] The purpose of the institution was to provide moral training, instruction in

[31] Act 14 Feb., 1838, *P.L.* p. 12.

[32] Act 4 April, 1838, *P.L.* pp. 264-265. This was another section of the act which provided for the incorporation of the Lancaster orphanage.

[33] *Idem*, pp. 263-264. The Hospital was to be governed by a board of nine managers, three of whom were to be elected by the stockholders, three appointed by the mayor and common council of Pittsburg, and three by the governor of the state. The hospital was designed to serve the "destitute, sick and insane of Western Pennsylvania." No record of any payment to this society can be discovered in the reports of the Auditor General, and since the grant was not repealed, it may be assumed that the local subscription failed to materialize.

[34] Act 23 March, 1826, *P.L.* p. 134.

elementary branches, and knowledge of a trade or occupation for such children as were committed to its care.[35]

In 1827 the subscribers succeeded in convincing the legislature that the service they were rendering was of sufficient public interest to justify assistance from the central treasury, and a grant of $10,000, payable in installments within three years, was made for their benefit.[36] After this amount had been paid, the state made no further subsidies until 1832, when an annual grant of $5,000 was authorized to continue until 1835.[37] It seems quite clear from the language of the law making the original grant that the intention of the legislature was to assist the managers of the institution in acquiring a permanent plant, rather than to create an annual subsidy.

At the time the state agreed to contribute to the original establishment, the City and County of Philadelphia was required to pay $10,000 to the corporation within two years and $5,000 annually thereafter.[38] One reason for requiring Phildadelphia to assist in establishing and maintaining the House of Refuge is clear, if we remember that a majority of the inmates of the institution were likely to come from her jails and almshouses. Again, the institution was located in that city, and the local contribution may have been necessary to overcome the objections of members of the legislature from other counties. Children committed from counties other than Philadelphia were required to be maintained "at the public expense of the proper county."[39] The payment by Philadelphia was increased by the act of 1830 to $10,000.[40] Two years later

[35] For a good exposition of the purposes for which the House was conducted see the opinion of the court in *Ex parte Crouse*, 4 Wharton 11, (1839), a case in which a writ of habeas corpus was denied although the person for whose benefit the action was brought had not been convicted of any offense in court, before being committed to the House.

On the whole, since the children dealt with were placed in the institution, not because they were in need of education but because they either already were, or were in danger of becoming criminals, the service performed by the corporation controlling the House should be regarded as reformatory, rather than educational. The same argument would serve to show that the service was not strictly charitable; although there is an element of both education and charity contained in it.

[36] Act 2 March, 1827, *P.L.* pp. 76-79.

[37] Act 30 March, 1832, *P.L.* pp. 224-225.

[38] Secs. II & III, Act 2 March, 1827, *P.L.* pp. 77-78.

[39] Sec. IV, Act 2 March, 1827, *P.L.* p. 78.

[40] House of Refuge, *Report* (1830), Treasurer's Report; also Act 27 March, 1830, *P.L.* p. 134.

the state agreed to contribute $5,000 annually until 1835. This grant was continued from time to time and from 1832 to 1844 the amount appropriated annually was $5,000. In the latter year only $4,000 was actually paid because of the depleted condition of the state treasury.

Thus the grant to this institution developed from an occasional subvention for buildings into a subvention for current expenses for a limited period of years, and finally into an annual permanent subvention for maintenance. The progress of the grant through these three stages indicates the changing attitude of the assembly toward this particular charity. At first it was regarded as a worthy private charity of sufficient public interest to warrant the state in assisting in its establishment; but the assembly was not ready to assume financial responsibility for its continuance. In the next stage the assembly made a grant for maintenance to assist the institution during a temporary financial embarrassment; and in the last stage the central government assumed partial responsibility for the continuance of the charity.

This development was brought about by several causes. In the first place the institution had demonstrated that it was better fitted to care for and to reform unruly children than were the common prisons. In the second place the spirit of extravagance, which pervaded the state appropriations during this period, led to greater and greater liberality; and in the third place, once the state had invested in the building of the institution it was financially committed to support it in a time of need, in order that the original investment might not be lost.[41] The last statement merely puts concretely the general principle that if governments begin to make occasional appropriations for a given service a claim is likely to be established for permanent support.

The original incorporation act provided for the management of the institution by a board of twenty-one managers, elected by the subscribers, who in turn chose the officers of administration and of instruction.[42] But in 1832, after the annual payment by the City and County of Philadelphia had been increased and the state subsidy renewed, the court of quarter sessions of the county in which the institution was located was authorized to appoint three additional managers, and the mayor of the city of Philadelphia two.[43] Thus local administrative bodies were given the power to appoint five out of the twenty-six directors of the corporation. In any matter involving the conduct of business they

[41] House of Refuge, *Report* (1830), Treasurer's Statement.
[42] Act 23 March, 1826, *P.L.* p. 134.
[43] Act 30 March, 1832, *P.L.* pp. 224-225.

would have been hopelessly out-voted by the directors elected by the subscribers, and it must be concluded that their function was to provide the proper authorities with information rather than to control the management of the institution. The act of 1826 required a report each year to the state legislature,[44] but, as was the case with the schools for defectives, the reports were too meagre to afford that body much real information.

So brief are the financial statements contained in the annual reports that it is difficult to draw conclusions concerning the effect of the state subvention upon the finances of the institution. During the three years 1827 to 1829 inclusive while building was going on, the state contributed about 22 per cent of all receipts, loans excluded and the city and county of Philadelphia contributed 33 per cent. Subscriptions and donations from individuals made up the remainder.[45] During the years 1835 to 1844 the amount contributed by the state remained at $5,000 annually. Since the total receipts of the institution increased about 50 per cent during these years, the proportion paid by the state declined from 34 per cent in the former year to 23 per cent in the latter. The amount contributed by Philadelphia increased from $5,000 to $9,000 or from 34 per cent to 42 per cent. The contributions of individuals varied greatly from year to year, while the income from permanent investments, though never large, increased slowly. Receipts from the labor of the boys detained in the home declined as the institution became more educational and less penal in character.[46]

As in the case of the institutions for the training of the blind and the deaf-mutes, the data that are now extant do not permit drawing definite conclusions as to the effect of the subvention upon individual donations. It is possible to state, however, that the amount contributed by individuals was proportionately more important during the years when the home was beginning than it was from 1835 to 1844.[47] But the contributions of individuals would naturally be larger during those years when the corporation was greatly in need of funds for building purposes. On

[44] Sec. VII, Act of 1826, *P.L.* p. 135.

[45] House of Refuge, *Report* (1830), Treasurer's Statement.

[46] From the *Annual Reports* of the House of Refuge, 1835 to 1844. Chiefly from the summary statement of the treasurer of the corporation. In several instances the data given by the treasurer are at variance with the statements of the Auditor General of the state with reference to the amount of the subvention paid in given years.

[47] *Ibid.*

the whole, there is no evidence to show that contributions on the part of the state discouraged individual interest.

The reasons for state participation seem not to have been those which have been so potent in bringing about subventions to common schools in recent years. There was no mention of the effect of such contributions upon the equalization of tax burdens. Nor is there evidence to show that the state provided a subvention for the purpose of obtaining a voice in the government of the institution. In fact, the indications are that no such reason was entertained, since only the mildest sort of supervision was imposed.

It is fairly clear that the state assisted the schools for the blind and the deaf-mutes, and the home for wayward children because all three were new departures in the matter of charitable relief, and because all three were performing services that commanded public approval. The subventions were small and no elaborate reasons in addition to those just advanced were necessary to justify the appropriations. It may be asked at this point why the state did not establish the institutions and take full charge of the services they provided. Several considerations prevented such action. In the first place the teaching of the blind was at that time still in the experimental stage, and a wider range of experimentation was possible in a private than in a public institution. As a rule it is not advisable for the state to take over a branch of charitable relief until at least tentative standards have been established in private institutions. A further reason for the failure of the state to develop institutions is that such action would probably not have been supported by the people of the state. Free common schools and state asylums for the insane both came later.

It should also be pointed out that all the grants to charity during this period were only slightly controlled; some were conditional, while others were almost in the nature of unrestricted gifts. In the case of the schools for defectives, the annual grant was limited in amount and the appropriation was based upon the quantity (number of indigent children received) of service rendered the public. Finally, the establishment of these subventions cannot be regarded as the result of a definite policy on the part of the state. Their growth was more or less accidental, the result of a number of minor influences, and not the product of a definite plan to commit the state either to the continuance or to the enlargement of its appropriations.

The Establishment of the Permanent Annual Subvention to Common Schools

The first great movement for free schools in Pennsylvania came at the time of the Revolution. The influence of the forces then at work caused the legislature to pass the land-grant act of 1786 and was responsible for that clause in the state constitution of 1790 which provided for the free education of the children of the poor. In 1792, and in 1794, legislative committees were appointed to devise means for a more widespread and more effective school system. But as has already been pointed out, little was accomplished. After about 1795, the movement seemed to lose force and the only important results accomplished during the next twenty years were the pauper school law of 1809 and the occasional subsidies to academies and colleges.[48]

But while Pennsylvania was merely marking time, neighboring states had established elementary schools, which were, in part at least, "free" in the modern sense of the term. Massachusetts and Connecticut had permitted local taxation for the support of education as early as the seventeenth century,[49] and before 1800 these two states, together with New York, made local taxation compulsory.[50] But the two New England states permitted "rate bills" until 1827 and 1868 respectively.[51] Even in those progressive communities there seems to have been much hesitation about compelling the people to pay taxes for the support of free schools. Furthermore, over the country as a whole there was no settled conviction of the desirability of free common schools. As Professor Swift has pointed out, "Public sentiment respecting the establishment and maintenance of free schools ranged all the way from indifference, disbelief, and contempt to open hostility."[52]

In the New West the attitude of the people was one of indifference in spite of the encouragement for the establishment of schools given by the federal government in the form of land grants. In the South free schools were looked upon as a form of poor relief, and the stigma of pauperism attached to those who attended them.[53] In Massachusetts

[48] For an explanation of the failure of the friends of education to secure more significant results at this time, see Wickersham, Ch. XIII.

[49] Swift, *A History of Public Permanent Common School Funds in the United States, 1795-1905*, p. 29.

[50] *Idem*, pp. 29-30.

[51] A rate bill was a kind of fee imposed upon the parents or guardians of children for the purpose of defraying the cost of the schools.

[52] Swift, p. 161.

[53] *Idem*, p. 162.

the presence of numerous academies and private schools gave evidence that the more democratic public institution was not regarded as wholly satisfactory by the entire community. The progress of public education supported by taxation was everywhere very slow.

One of the first steps toward the establishment of free schools throughout the country was the provision of permanent school funds. These funds consisted, as a rule, of a capital sum derived from various sources and productively invested, the annual income of which was used for the support of education. Permanent common school funds had their origin in the newer states in the lands granted by Congress, and in the older states in a variety of revenues and accidental sources of income. The policy was virtually forced upon the public land states, but by 1834 a majority of the older states had voluntarily adopted it.[54]

Although little in the way of constructive legislation for the advancement of free schools was accomplished in Pennsylvania during the first quarter of the nineteenth century, it would be a mistake to suppose that interest in the subject had died out after the passage of the pauper school law of 1809. Agitation outside the legislature for a more liberal policy with respect to public schools had continued in a desultory fashion from the last decade of the eighteenth century; and as early as 1810 the governor suggested legislation of a more liberal character. These recommendations, which were couched in terms sufficiently vague to permit the governor to advocate almost any kind of system, continued intermittently down to 1834.[55]

In 1824 the legislature passed a law "to provide more effectually for the education of the poor gratis, and for laying the foundation of a general system of education *throughout* the commonwealth." Local school boards were to be elected, whose duty it was to provide and to supervise schools for the poor. Section X of the act also permitted the citizens of the several townships, wards, and boroughs to decide by popular vote whether or not they would tax themselves for the education of *all* children between the ages of six and fourteen. Adoption of taxation was purely optional, and there was no attempt, so far as can now be

[54] Swift, p. 96.

[55] These gubernatorial recommendations must not be taken as indicating a general public demand for free schools. To a certain extent they were probably of a political nature. A member of the constitutional convention of 1837-38 in commenting on them said: "The governor never had failed to put into his message a passage recommending education. At last it came to be regarded in the same light as the religious allusions, as a a matter of ornament." Thus Clarke of Indiana County, *Proceedings & Debates*, V, p. 222.

ascertained, to coerce any community; furthermore, since each township, ward, or borough could decide for itself there was no possibility of the more populous and poorer sections of counties and cities taxing the richer communities. But the people were not then in a mood to accept a system that carried with it even permissive taxation; and the law " . . . met with violent oppositon, was repealed in 1826 and the law of 1809 restored. . . "[56]

This law of 1824 had been the result of numerous committee reports and petitions to the legislature asking better provision for the education of the youth of the state. In 1822 a committee had reported at length, condemning alike the pauper schools established under the act of 1809 and the policy of the state in endowing numerous academies.[57] In 1824 Governor Shulze in addressing the legislature wrote, "I would respectfully suggest whether an annual sum, specially appropriated for that purpose [the endowment of educational institutions] would not in a few years raise a fund equal to the universal diffusion of the elements of education among the children of the republic."[58] But this suggestion of a "fund" did not apparently meet with a favorable reception at the hands of the lawmakers, and no action was taken. Various voluntary organizations had, meanwhile, been agitating a more liberal provision for education at state expense.[59]

In 1830 Governor Wolf suggested that the various counties be permitted to establish local permanent funds for the endowment of public elementary schools. He believed that a plan which should provide for the levy of a small additional county rate, the proceeds of which might be invested in the internal improvement stock of the state, would in a short time produce an annual revenue large enough to aid materially in establishing public schools.[60] But the legislature did not at that time act favorably upon the plan. The scheme was, nevertheless, very suggestive, combining as it did the permanent fund, which would obviate the necessity of heavy direct taxation, with a scheme for securing money for the construction of the canals.

[56] Wickersham, p. 270. His statement is inexact, for the law of 1824 did not repeal the act of 1809; it merely superseded it in certain respects in those cases where the local unit chose to put the law of 1824 into effect.

[57] Wickersham notes several other committee reports from 1822 to 1831, pp. 274-275.

[58] *Pennsylvania Archives*, IV, Ser. V, p. 550.

[59] Mathew Carey was of the opinion that these societies accomplished very little. See his *Public Charities of Philadelphia*, p. 33.

[60] *Pennsylvania Archives*, IV Ser. V, p. 885.

In the following year (1831) the legislature established the "school fund."[61] Section I of the act provided that all receipts from the land office, including land sales and fees, and all revenues accruing from the Act of March 25th, of the same year, which had increased the county rates and levies for the benefit of the state, should be set apart as a common-school fund. Section III required that all revenues accruing to the fund should be invested at 5 per cent compound interest until the principal of the fund was large enough to yield $100,000 annually, when, presumable, the annual income was to be used for the support of elementary education. In accordance with the provisions of other acts, the fund was to be invested in the internal improvement stock of the state.[62] In securing this legislation the advocates of better schools had cleverly taken advantage of the popularity of the internal improvement policy. Ostensibly the revenue that would accrue for the benefit of schools would not come out of the pockets of the taxpayers.

One of the strongest motives for the establishment of permanent school funds in all the states that provided such endowments was the desire to avoid heavy direct taxes,[63] and it was in the belief that the state could thus encourage education without taxing the people that the fund was established in Pennsylvania.

As a book account, the fund continued to grow during the following years, and even as early as 1833 Governor Wolf ventured to predict that, judging from the flattering indications already given by the public works, there was "reason to believe that, from the redundant and progressively increasing revenue which may [might] with great certainty be expected to flow into the treasury from that source [the works] much aid may [might] at no distant day, be derived" for the support of educational institutions.[64]

The history of the Pennsylvania school fund is difficult to trace. After 1836 it received additions from the bonus paid by the Bank of the United States and from similar sources,[65] and it was expected that by 1843 the annual interest on the fund would amount to $100,000.[66] When the common schools were established in 1834, $75,000 was appropriated from the fund for their support until the annual income from the

[61] Act 2 April, 1831, *P.L.* pp. 385-386.
[62] Act 22 April, 1829, *P.L.* p. 254.
[63] Swift, p. 165.
[64] *Pennsylvania Archives*, IV Ser. VI, p. 125.
[65] Supt. of Common Schools, *Report (1844)*, p. 11.
[66] *Pennsylvania Archives*, IV Ser. VI p. 127.

fund should amount to $100,000. In subsequent appropriation acts, however, the legislature seems to have paid very little attention to the amount actually to be derived from that source. And it is probable that by 1837, when $500,000 of the state's share in the surplus revenue of the federal government was appropriated for the assistance of the school districts, the fund idea was no longer important. Finally, in 1841, the fund was practically abolished by merging the income that should accrue from it, in excess of a specific sum appropriated for the schools by the legislature, with the general receipts of the state treasury.[67] Thus the law of 1831 was practically repealed. In 1849 the state Superintendent wrote, "Pennsylvania has no fund for school purposes."[68]

But before the repeal of the act creating the fund the common school system had been established and a revenue provided for its support. In 1834 the legislature passed an act which provided for a "general system of education by common schools."[69] This act was clearly intended to supersede the pauper school law of 1809, but since there was much opposition the latter law was not repealed. By highly complicated arrangements each county and each school district was permitted to decide whether it would come under the new law and establish free education for all children, or whether it would continue to provide schools only for the poor.[70]

But the state did more than establish a permissive system. In order to induce localities to accept the new plan, $75,000 was appropriated

[67] Act 4 May, 1841, *P.L.* p. 312.

[68] *Report* (1849), p. 12.

[69] Act 1 April, 1834, *P.L.* pp. 170 ff.

[70] Each township, each borough, and each ward of a city was created a school district, and in each district, at the next general election following the passage of the act, the people were required to elect school directors, who in turn were required to select one of their number as a delegate to a county convention that was to decide whether the county as a political unit would levy taxes for the support of free common schools. This convention was composed of the delegates elected by the directors of the various districts within the county and the county commissioners. If the convention "accepted" the new system, it was required to levy a county tax for the support of schools; and in that case the people—not the directors—of the various districts might levy additional taxes if a majority of the voters consented to such a policy. On the other hand if the county convention decided not to levy any tax for the support of schools, and thus rejected the new plan, the people of the several districts were permitted to put the scheme into operation in spite of the action of the larger unit. It should be borne in mind in this connection that the term "district" is generally used in the Pennsylvania laws and reports to mean a township, ward, or borough, and not the community immediately surrounding, and tributary to, a particular school or schoolhouse.

from the school fund in aid of the local districts. This amount was to be distributed among the several counties of the state in proportion to the number of taxable inhabitants in each. The financial officers of the county were then required to redistribute the amount received from the state, together with the proceeds of such school taxes as had been levied by the county, among the districts in accordance with the number of taxable inhabitants in each district. This was the normal procedure in the accepting county. Any district within an accepting county that refused to put the scheme into operation received no state aid and the amount of the state subvention that would have fallen to it went to the other districts. In a non-accepting county the accepting districts received the entire amount of the state subvention to which the county as a whole was entitled. The effect of this provision in case only one district within a populous county decided to accept the new plan is obvious. Furthermore, non-accepting counties were required to provide for the poor under the pauper school law of 1809, and the accepting districts within the county received such a proportion of the revenue from taxes levied for that purpose as they would have received had they not accepted the newer scheme. The law offered in these two ways a very liberal inducement to accepting districts within non-accepting counties to set a better example before their neighbors.

Nor were these the only inducements offered. In order that a county might receive state aid, it was required to raise by taxation an amount at least three times as great as its proportion of the state subvention; but the accepting district within the non-accepting county was required to raise an amount no larger than if the county had accepted as a unit. Thus it was possible for the state subvention to such a district to exceed the local tax several times over. The intervention of the county, both as a unit for distribution of the state subvention and for voting on the acceptance of the system was one of the parts of the scheme that had to be discarded two years later. By the Act of 1836, which completely superseded the Act of 1834, the districts accepted or rejected the sytem

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A district, in Pennsylvania, usually contained several schoolhouses. It is difficult to understand why the county convention was included in the machinery of the new system. The commissioners, who were elected from the townships to administer the various services of the county, were, it is true, the principal local taxing authority outside of the cities and boroughs, and it might have been on this account that they were included. But the convention without their presence would have been an unnecessary encumbrance, since districts were not bound by its action.

as individuals, and the failure of a majority of the districts within a county to accept did not affect either the tax requirement (for the districts) or the quota of state aid for the minority.

By another clumsy and complex provision of the law of 1834, the local administration of the schools was divided among three bodies.[71] The state administration was closely centralized, on the other hand, in the Secretary of the Commonwealth who was made State Superintendent of Common Schools. The duties of the new office, which were added to those he already carried, consisted chiefly in apportioning the state subvention to the various counties, in receiving reports from the local officers, in preparing a condensed report for the legislature, and in deciding disputes concerning doubtful points in the school law.

He was chiefly a ministerial officer and had no discretionary power with respect either to paying or withholding the subvention or with respect to local administration. He could not coerce or remove a single local officer; nor could he refuse to pay to the localities the subvention, if the minimum tax had been levied and proper reports submitted.

The act of 1834 was passed without much opposition, probably because inadequate means of communication prevented those who were later to become so bitterly opposed to its operation from learning definitely of its provisions in time to bring pressure to bear upon the members of the General Assembly. But in the next session a determined

[71] The directors elected by the people were chargeable with locating schools, building schoolhouses, employing teachers, admitting pupils, selecting books and equipment, and with visitation of the schools in their charge. The township supervisor in the townships, and the town councils in the boroughs were alone capable of consenting to the sale or purchase of property used in conducting the schools. The third official group was two inspectors, appointed for each district by the court of quarter sessions, who were required to examine teachers and grant certificates, to visit and inspect the schools, and to report to the state superintendent of common schools concerning the progress of scholars, the number and the qualifications of the teachers employed, the number of scholars taught, the length of the school term, the cost of buildings, the financial receipts from all sources, and the expenditures classified by purpose. It seems to have been supposed that the appointees to this office would be the best educated men in the community, and owing to the source of their appointment, independent of the local prejudices that might be expected to influence the elected directors. Unfortunately the law neglected to provide for payment for the performance of the many duties placed upon the inspectors, and, consequently, the provision concerning them was a dead letter (Wickersham, p. 322). In the act of 1836, they were dropped, their duties being transferred to the directors.

attack was made upon the new system.[72] After the failure of this attempt to repeal the law the legislature turned its attention to perfecting the system.

The intervention of the county convention was abolished in 1836, and the districts were given the right to decide directly upon the acceptance of the system and the levy of taxes.[73] The sections of the law that dealt with local taxation were altered in important particulars. Districts (instead of counties) were now required to levy only as great a tax as their share of the state subvention in 1836,[74] and the maximum local levy by the directors was limited to double the share of the district in the state appropriation.[75] The conditions prerequisite for receiving state aid were the same as under the law of 1834, but the failure of many districts to furnish the state superintendent with reports on the conditions obtaining in their schools caused the legislature in 1842 to add that no district should be paid until it had submitted the reports required by law.[76] There was no material change in the powers and duties of the state superintendent, and that officer continued to perform purely ministerial duties.

As was the case with the subsidies for charity, the subvention for common schools varied in amount according to the prosperity of the state treasury. Table I shows a marked increase in the amount of the subvention after 1836. The augmentation of the grant could not, of course, have come from the growing revenue of the school fund of 1831, since the revenue from land sales declined after 1835. The large grants to common schools during the years 1838 to 1840 were due to sudden accessions to the state treasury of incidental revenue in extraordinary amounts.

[72] On the fight which was made in that session to repeal the law of 1834 and to destroy the system before it could become firmly rooted, and for an excellent account of the proceedings of the legislature and an explanation of the determined opposition to the system, see Wickersham, ch. xvi.

[73] Act 13 June, 1836, *P.L.* pp. 525 ff.

[74] It was afterwards decided by the state superintendent that the wording of the law made the requirement in this respect permanent. No matter how large or how small was the state subvention in subsequent years, the accepting district was obliged to levy a tax equal only to its share of the subvention of 1836. The provision that made this absurd situation possible is Sec. 10, Par. III, *P.L.* p. 529. See also Superintendent of Common Schools, *Report* (1844), pp. 12-13.

[75] The districts could by a popular vote increase this amount as in 1834.

[76] Act 18 March, 1842, *P.L.* p. 124.

In 1836 the state chartered the Bank of the United States, providing that in addition to the other payments to the state treasury "the further sum of one hundred thousand dollars on the first day of June next, and like sums of one hundred thousand dollars, on each succeeding first Monday of June, for nineteen years thereafter, to [shall] be added to and paid over with the annual appropriation provided by the Commonwealth for school purposes and be distributed according to the several laws of the Commonwealth regulating the distribution of such appropriations."[77] That the bank bonus, or a part of it, should thus be used for the benefit of the schools was quite in harmony with the policy of other states of providing for free education out of non-tax income.

In the following year (1837), the schools received additional aid from other incidental sources. The legislature decided that the surplus revenue, which the federal government turned over to Pennsylvania, should be deposited with banks at 6 per cent interest, and the proceeds devoted to the schools.[78] The interest on this deposit would have meant an annual accretion of more than $170,000 had it been permitted to remain invested for the benefit of education; but the legislature soon appropriated the principal and thus wiped out that source of school income. But, as it happened, the schools received a liberal share of the surplus in a different way. A most serious difficulty encountered during the first years of the school system had been the lack of schoolhouses. In some localities the districts had been able to utilize buildings previously constructed for the education of pauper children. In other instances they were able to rent or to purchase the buildings that had been used for parochial or private schools. But in a majority of cases the districts were obliged to construct buildings before they could put the schools into operation. Since the terms of the subvention did not require the districts receiving the grant to maintain schools for any specified length of time, it was possible to expend the state money, as well as the proceeds of local taxation, in the construction of buildings. But this meant that while the district was paying for buildings it would be obliged to economize severely in other directions. Hence, for the first few years the school system was a "system of taxation" and not of education.[79]

The effect of this situation upon the acceptance of the common schools was anything but favorable, and in 1836 Governor Ritner recom-

[77] Act 18 February, 1836, *P.L.* pp. 42-43.

[78] Act 27 February, 1837, *P.L.* pp. 24-25.

[79] Superintendent of Common Schools, *Report* (1838), p. 9.

mended that $500,000 of the surplus revenue deposited by the federal government be appropriated to the districts for the erection of schoolhouses.[80] That the burden of building houses was a relatively large item in the expenses of the schools during the first few years is shown by the fact that in the districts outside of Philadelphia, from 1836 to 1842 inclusive, almost one-third as much was paid for building purposes as for instruction, fuel and other maintenance costs.[81]

In order to relieve the localities of a part of the cost of construction and to hasten the time when the schools should be fully in operation, the legislature followed the recommendation of the governor and appropriated for the construction of schoolhouses $500,000 of the surplus revenue. In case any district already had a suitable building, it was permitted to utilize its share of the grant, which was distributed in the usual way, for the maintenance of schools.[82]

The amount actually paid to all accepting districts[83] during the year 1837 was $553,300,[84] the highwater mark of the subvention for more than thirty years. The circumstances surrounding this grant of a round half-million of dollars for the building of schoolhouses support the general principle that a treasury suddenly become prosperous by reason of unusual productiveness of the taxes or by reason of the unexpected appearance of large incidental revenues, supplies a very favorable opportunity for the establishment of new grants or the extension of old ones.

In 1838 the legislature, seeking to provide permanently for the school system, enacted that the amount of the state subvention should, in the future, be one dollar for each taxable inhabitant within the several

[80] *Pennsylvania Archives*, IV Ser. VI, p. 295.

[81] See table, page 65 *infra*.

[82] Act 3 April, 1837, *P.L.* p. 405. How large a proportion of the money thus appropriated was actually used in building is not indicated by the table on page 65, and the inadequacy of the reports of the time make anything but a conjectural estimate impossible. It is significant, however, to note that in the year when the special grant of $500,000 was made, the average length of the school term, as given by the reports of the state superintendent, increased from four months and three days to six months, (*Report* (1844), p. 8) and at no time afterwards did so short an average term as five months prevail.

[83] The wide variations between the amounts appropriated and the amounts actually paid over, as reported by the Auditor General, are principally due to the presence of the non-accepting districts, whose share remained in the state treasury.

[84] This included, in addition to the proportion of the $500,000 for building purposes paid to accepting districts, the annual subvention for the maintenance of the schools.

districts.[85] This act was, of course, not binding upon subsequent legislatures and very little attention seems to have been paid to it in the following sessions. The effect of the law, had it been observed, would have been to cause the subvention to increase automatically with every triennial enumeration of taxables, and in this way, assuming that the amount of one dollar per taxable was adequate, the increase of the grant would have kept pace with the needs of the system. In this connection it should be noted that the legislature, in providing for the one-dollar-per-taxable subvention, did not alter that provision of the law of 1836 which fixed the minimum tax requirement for the districts receiving the subvention at an amount equal to the quota due each district from the subvention of that year. It would thus have been possible, had the law of 1838 been observed, for the districts to continue to draw triennially a larger state subsidy and yet to levy the same local tax. It can hardly be supposed, however, that this failure to repeal the provision of the earlier law was the result of neglect or an oversight; for it was only after repeated urging from the state superintendent during several years that the repeal was actually accomplished.

THE FINANCES OF THE PUBLIC COMMON SCHOOLS OF PENNSYLVANIA OUTSIDE OF PHILADELPHIA, 1836 to 1844
(in thousands of dollars)*

Year	State Subvention	Local Tax Levied	Expenditure for Buildings	Expenditure for Instruction and Incidentals
1836	98.7	207.1	111.8	194.0
1837	463.7	231.5	202.2	493.1
1838	323.8	385.8	149.1	560.4
1839	276.8	382.5	161.4	579.2
1840	264.5	395.9	161.4	580.3
1841	249.4	397.9	123.0	524.3
1842	250.1	398.8	119.0	489.9
1843	272.7	419.3	92.7	484.4
1844	264.5	391.3	75.9	470.2

*These data are from the *Report* of the Superintendent of Common Schools for 1855, p. 346. The reports of the superintendent did not at this time contain complete data for the Philadelphia schools, since they were not required to report to him. Inquiry at the office of the State Superintendent of Public Instruction and at the offices of the school authorities in Philadelphia failed to discover the financial statements of the Philadelphia schools for this period.

[85] Act 12 April, 1838, *P.L.* pp. 332-333.

In later appropriations the rule of one dollar for each taxable was not followed. In 1841, $330,000 was granted,[86] but in the following year the appropriation was measurably reduced.[87] In 1843 it was again raised to $250,000[88] and then reduced again to $200,000 in 1844.[89]

In the disastrous year of 1843 attempts were made to curtail state expenditure wherever such a course was possible. The salaries of state officers were reduced, and the less necessary items of expense were dropped from departmental budgets.[90] It was but natural that at such a time there should be some questioning of the subvention to common schools, and it was proposed to suspend the payment of the subvention for a period of years until the finances of the state were in a more secure position.[91] In support of this plan it was argued that, while the grant might have been justified when the finances of the state were prosperous, it should not be continued at a time when heavy taxes and the severest economy were necessary for the payment of interest on the public debt. It was asserted that it was inequitable to permit certain counties to draw from the state treasury an amount equal to, or in excess of their contribution to state expenses; that the payment of the debt was the first obligation of the state, and that all expenditures that stood in the way of its fulfillment should be eliminated.[92]

The state superintendent met these and other similar arguments for withholding the subvention with the simple statement that a withdrawal of state aid at that time might easily cause the abandonment of the free common schools started at so great an expense to both the state and the localities.[93] The outcome of the demand for economy was the reduction of the appropriation to $200,000, an amount about equal to 50 cents per taxable.

What would have been the effect upon the school system had the grant been withheld at this time, can be best determined by a comparison of the relative shares contributed by the state and by the localities. From the table on page 65, it appears that in 1837, outside of Philadelphia, the state paid about twice as much for the support of the common

[86] Sec. 14, Act 4 March, 1841, *P.L.* p. 312.

[87] Jt. Res. of 4 April, 1842, *P.L.* p. 485.

[88] Sec. 1, Act 29 September, 1843, *P.L. of 1844*, p. 6.

[89] Sec. 1, Act 31 May, 1844, *P.L.* p. 583.

[90] Act 4 April, 1843, *P.L.* p. 324.

[91] Superintendent of Common Schools, *Report* (1844), p. 16.

[92] For example "A Letter to the Pennsylvania Legislature on the subject of the state debt, by Publius," a pamphlet published in 1844.

[93] *Report* (1844), p. 6.

schools as did the districts. In 1840 the subvention was slightly more than two-thirds as large as the levy of taxes by the districts, and in 1844 it was again slightly in excess of two-thirds of the local levy. In Philadelphia, where taxation for the support of public schools had been in operation for a much longer time than in the rural counties, the state subvention was, in 1840, about 28 per cent of the amount contributed by the county.[94] For the districts outside of that city, therefore, the withdrawal of state aid would have been, in 1844, a great hardship, and would almost certainly have caused the law to become inoperative in many localities.

Whether or not the localities were at this time so heavily burdened with other taxes as to have been unable to make up the $200,000 which a loss of the subvention would have required, or whether their failure to levy larger taxes was simply a result of indifference or hostility to the system, cannot be determined. It is certain, however, that at this time, even with the assistance of the state, local taxation was insufficient adequately to maintain the common schools. The proof of this statement is to be found, in part, in the assertions of the various state officers (already cited), that the one great need of the system was a larger state subvention.[95] In the second place this opinion is borne out by the fact that many districts were compelled to resort to voluntary subscriptions to extend the short terms that the public schools provided.[96]

Further evidence of the inadequacy of taxes plus the reduced state aid to provide proper schools, is found in the introduction of "rate-bills," which permitted the directors to impose a fee charge of not more than one dollar for each child attending school, to be paid by the parent, guardian, or master of the child.[97] This method of supporting the schools, partly by taxation and partly by a fee payment, stands halfway between voluntary contributions and taxation for the entire support of

[94] Superintendent of Common Schools, *Report* (1841), p. 12.

[95] See also Superintendent of Common Schools, *Report* (1838), p. 19.

[96] *Idem* (1844), p. 6.

[97] See Sec. 13, Act 29 March, 1842, *P.L.* pp. 211-212, which permitted all the districts in Delaware County and one district in Franklin County to make use of these fee charges. For other special acts permitting rate-bills, see Act 18 March, 1844, *P.L.* p. 139; Act 23 April, 1844, *P.L.* pp. 347-349; Act 7 May, 1844, *P.L.* p. 571. Wickersham asserts (p. 360) that the state superintendent strongly recommended this policy in his annual report of 1842; in another place, (p. 343), he writes, "Rate-bills, so common in the public schools of our older states, and abroad, never had an existence in Pennsylvania"! Swift, p. 26, has taken Wickersham to task for this statement on other grounds, but has not pointed out the fact that these fee charges, of which Wickersham boasts the absence, were actually authorized.

education. Its introduction at this time, when the subvention was declining in amount, shows that in many districts public sentiment was not strongly enough in favor of the schools to permit levying the taxes necessary for their adequate support. Consideration of the growth of public indifference to the school system, which marked the years 1844 to 1854, must be deferred to the next chapter.

The principal characteristics of this subvention are of sufficient importance to deserve a summary at this point. In passing the law of 1834 the legislature made a new departure from its previous policy in making subsidies to academies and colleges and to local governments for various purposes. These had, without exception, been either occasional lump-sum grants or subventions for a limited period of years. The common school grant, on the other hand, has from the first been a permanent subvention; that is, it was permanent in the sense that the appropriations were regarded as regularly recurring state expenses, although until the constitution of 1873 fixed the policy in the fundamental law of the state, it would have been within the power of the General Assembly to do away with the entire system, or to refuse to make the annual or biennial appropriation.

In the second place, the school subvention was a conditional grant. Any district that failed to levy a tax for the support of its schools was not permitted to receive a share of the state money, and the amount of the minimum tax necessary to secure that money was definitely fixed by law. The obvious purpose of this provision was to require the districts that participated in state aid to do something in their own behalf; the subvention was used, therefore, to stimulate local taxation for school purposes.

A third characteristic of the subvention was the almost complete absence of central supervision of the service aided. With regard to earlier occasional grants to colleges and academies, and in the case of the grants to counties and townships for roads and bridges, the same lack of state control was also present. After the act of 1842, it is true, no district could draw its quota of state money until it had made certain reports to the state superintendent. But only in this respect did the state place the upon the localities any requirement looking toward centralization. These reports were necessary if the state was to be sure, before it paid the subvention, that the locality had complied with the requirement for a minimum of local taxation. But many important matters, such as the qualifications of teachers, the wages of teachers, the length of the school term, the school curriculum, and sanitation,

which are now all more or less definitely regulated by the state, were left in the hands of the local directors. The auditing of the accounts of the school officers, and the verification of the accounts submitted in the reports to the state superintendent were also attended to by local officers. It needs no further evidence than the facts just cited to show that the purpose of the state in making the subvention was not to control the local administration of schools, either for the purpose of regulating the conduct of those schools or for the purpose of inspecting their finances. The explanation of the motives which impelled the General Assembly to introduce the subvention, must be sought in other directions.

Moreover, the laws of 1834 and 1836 do not seem to have been drafted with especial reference to the problem of tax equalization between local communities. Of course, since the original purpose of the state was to devote to the support of schools certain incidental revenues, it may be said that there was a conscious purpose to equalize revenue resources between the state and the localities. There is, however, no statement of purpose from any public officer, now available, which would justify the opinion that the framers of the laws of 1834 and 1836 sought to equalize the burden of the support of the common schools among the counties or districts of the state. Some rearrangement of the burden would, of course, result from any subvention system.

It is also impossible to state with definiteness what was in the minds of the men who agitated for the schools, and who worked and voted in the General Assembly for the bill creating the subvention. But there seems to be little doubt that the desire to induce the localities to establish a much needed service was the controlling motive. It requires no argument in this day of extended free school systems to show that elementary education is one of the services performed by local units in which the entire state has much at stake. For the state to require the districts to provide a minimum of schooling for each child would not now be considered an undue interference with local home-rule even though no compensation, in the form of a subvention, were offered.

In 1834, in Pennsylvania, the case was different, and a strong minority denied the justice of taxing all property for the support of free common schools. "The fundamental principle that it is the duty of the government by common and united means to provide for common education, is not universally admitted," wrote the state superintendent in 1841.[98] Permissive taxation without state aid had been tried in 1824 and had been

[98] *Report* (1841), p. 18.

immediately rejected; and although public sentiment had undoubtedly advanced considerably toward a more liberal view of the desirability of free common schools, a large majority of the people was by no means in favor of them in 1834. Almost as soon as the provisions of that act became known throughout the state, a great outcry arose against it. At the elections following the passage of the law, 502 districts voted to accept the system, while 264 rejected it directly, 57 took no action whatever, and 164 did not even make reports to the state superintendent.[99] Nor was the opposition entirely passive; for, as Wickersham, who dwells at length upon this "fight for free schools," has recorded, literally hundreds of petitions containing thousands of signatures were sent to the General Assembly asking the repeal of the new law and the return to the pauper school law of 1809.[100] "Free schools or no free schools" was made a political issue in the state campaign of 1834, and many members came to the legislative session of 1834-35 pledged to do all in their power to secure the repeal or the modification of the law that made the system possible. A few members relying on the practice of local legislation tried to have the operation of the law suspended for their counties. But all attempts to repeal the act or to pass crippling amendments were defeated, and the modification of the clumsy provisions concerning the county convention was deferred to the following year.

The organized opposition to the new system came chiefly from "Old Pennsylvania," that is, the eastern and southeastern parts of the state, while the northern counties and the newer sections west of the mountains were not generally opposed to the free schools, although they were very frequently in favor of minor modifications of the act.[101] This opposition had four principal sources. In the first place the religious bodies that had established parochial schools, particularly the Friends and the numerous German denominations, were averse to the intro-

[99] Wickersham, p. 322.

[100] On the matter of the petitions, see also Hazard's *Register of Pennsylvania*, XV, p. 205. At the session of 1834-35, 558 petitions for a repeal of the law, containing 31,988 names were received. There were also 50 petitions with 2,084 signers, for modification, and 49 petitions with 2,575 signers against repeal.

[101] Mayo, A. D. The American Common School in New York, New Jersey, and Pennsylvania during the First Half Century of The Republic, in *Report* of the United States Commissioner of Education for 1895-96, I, pp. 263 ff.

duction of the public schools. The new system left these people free to maintain their semi-religious schools, but they objected to paying taxes for the support of a public institution that they felt they could not patronize. Furthermore they could easily foresee the downfall of the parochial school once the free public school was well established.[102]

In the second place there was the opposition of the wealthier families who desired to educate their children in private schools or by employing tutors. These families intended, no doubt, to continue so to educate their children, and were opposed to the democratization of the common schools, partly as a matter of principle, and partly because they feared the effect that the school expenditures would have upon the tax rate.[103]

A third source of opposition came from those sections of the state where the German language was largely in use.[104] It must be remembered that nowhere, perhaps, in the country have any non-English speaking people clung with such tenacity to the language and customs of their fatherland as have the Pennsylvania Germans. At the time the school system was introduced entire neighborhoods were almost as German in speech, dress, and social customs as were the inhabitants of the Palatinate communities from which their ancestors emigrated to America. These Germans saw in the public common school the agency that should wean their children from the customs and language of their fathers. Their opposition, if not the most bitter, was the most prolonged that the free schools had to encounter.

In counties other than those settled chiefly by the Germans, the most determined opposition came from persons who denied the right of the state to tax them for the education of children whose parents were financially able to provide for their schooling. Hardly to be differentiated from this type of opposition was that of a large class who were willing enough to educate their children at public expense, but who complained loudly of the high taxes that the free schools would necessitate. This opposition, which was directed against local taxation, was to be found in practically every community of the state and was, on that account, all the more formidable. Commenting on the grudging financial

[102] For contemporary statements concerning opposition to the free public schools see statements of Mr. Dickey in the Constitutional Convention of 1837-38, *Proceedings and Debates*, V, p. 245; of Mr. Hiester, *idem*, XI, p. 135; and of Mr. Darlington *idem*, XI, p. 134.

[103] For a satirical characterization of these "nabobs," see Thaddeus Stevens' speech in the Constitutional Convention of 1837-38, *Proceedings and Debates*, V, p. 352,

[104] Mayo, p. 261; also statement of Mr. Cox in the Constitutional Convention. of 1837-38, *Proceedings and Debates* V, pp. 265-266.

support of the people in the local districts, in 1838, the state superintendent wrote, "At present the best means of aiding the cause of common school education is to forbear coupling it, to any extent that can possibly be avoided, with the unpopularity of the tax collector, and to sustain it, as far as practicable, out of the State Treasury."[105]

Further evidence of the indispensability of the state subvention might be cited were it necessary, but it seems clear that the opposition to the system at this time would in many instances have succeeded in preventing its acceptance and would have seriously impeded its progress throughout the commonwealth, had not the state been able to contribute liberally to its support during the years 1836 to 1840. The subvention, therefore, was of the greatest aid to the cause of free common schools in two ways; first, by contributing directly to their support, and second, by inciting the districts to levy taxes for their maintenance. The mere appropriation of money from the treasury accomplished the first purpose, while the requirement for local taxation as a condition prerequisite to obtaining state aid achieved the latter.

Permanent and Occasional Subventions to Academies, Seminaries and Colleges, 1826 to 1844

There was no important change in the policy of the state toward academies and colleges until 1838. Table I in the appendix shows that in 1830, 1831, and in 1833, no payments were made to academies or seminaries, and during the three years 1835, 1836 and 1837 the total expenditures from the state treasury for their benefit amounted to less than $1,000. The state had failed to establish a system of secondary education by subsidizing private institutions and the smallness of the grants is indicative of lack of confidence in the existing institutions. During the years 1826 to 1838 colleges fared somewhat better, but in only one year were payments for their support of importance.

In 1836 the contributions of the state for the support of the academies during the preceding years totaled $169,000 in cash or wealth readily

[105] Report of the Secretary of the Commonwealth to the Constitutional Convention of 1837-38, *Proceedings and Debates*, III, p. 10. This source of objection to the introduction of free schools was widespread, and Pennsylvania cannot be supposed to have offered a peculiar example for, as Professor Swift has shown, one of the reasons for the general establishment of the permanent school funds during the first quarter of the century was to avoid the necessity of levying heavy local taxes. And the use of the permanent school-fund income to incite local authorities to greater efforts on behalf of the common schools was well recognized in New York, Massachusetts, and Maine. See also Mayo, p. 260.

convertible into cash. Lands whose estimated value approximated $135,000 had also been donated to them.[106] Very few of the schools that had received these gifts were then in operation and a majority of those still running were engaged in teaching elementary subjects. The opinion of the Secretary of the Commonwealth concerning the earlier subvention policy of the state toward these institutions is enlightening. "It is believed," he wrote, "that no grants have ever been made by the State with less general good effect than those to academies. It seems to have been intended to endow one strong institution of this kind in each county, as a kind of radiating point in the county system of education; but the project has proved nearly a total failure."[107] The opinion of the Secretary (who was also, it must be remembered, at this time the Superintendent of Common Schools) that the academies had failed miserably, was supported by Mr. Morgan, an ex-president of Western University, who reported to a voluntary organization in Philadelphia, that the policy of the state in endowing academies and small colleges without reference to the needs of the different communities had not been accompanied by success.[108] In fact, the belief that the subventions to secondary schools had failed to promote the upbuilding of such schools seems to have been generally concurred in. In the debates of the constitutional convention practically no one ventured to defend the subvention policy pursued in earlier years.

The reasons for the failure of the state to cause the development of secondary schools by means of subventions before 1838 are not difficult to discover. In the first place, the policy assumed that if the state assisted the academies and seminaries, the parochial, subscription, and other private schools might be trusted to take care of elementary education. Such an assumption, we can now understand, was erroneous. It was impossible for the secondary schools to prosper until a considerable number of pupils had been sufficiently trained in the elementary subjects to be able to pursue the more advanced. It was also assumed that the parochial and private schools would furnish students for the academies. But experience proved that only a relatively small proportion of the pupils passed from the elementary to the secondary schools. And the lack of a large number of pupils educated in public common

[106] Report of the Secretary of the Commonwealth to the Constitutional Convention of 1837-38, *Proceedings and Debates*, III, p. 7.

[107] *Ibid.*

[108] *A Report on Public Education*, (1836), p. 14.

schools could not be offset by the small number that the occasionally well-conducted private schools could supply. The mistake was made in applying state aid at the wrong point.

Another defect in the early policy was its lack of system. The political influences that were brought to bear upon the legislature resulted in endowing too many academies The General Assembly had no means at hand to determine, when an academy applied for a charter, whether there was within the county in which it was to be located any real reason for its existence. Furthermore, there seems to have been practically no attempt to inquire into the financial support that the academy could command in addition to the state grant. Thus it came about that the legislature chartered indiscriminately and aided too widely. The application of $169,000 in cash and of lands worth $135,000 to a few good institutions properly distributed throughout the state, might have brought fair returns, but the granting of the same amount to forty-five schools, over a period of about fifty years, was a careless waste of resources. In 1836 it was supposed that only seventeen of the forty-five were in operation, and many of these were giving elementary instruction.[109] Even Wickersham, who is inclined to see some good in all the attempts made by the state and by individuals to assist in building up educational institutions, criticises severely the policy of the legislature in dealing with the academies.[110]

After so dismal a failure, it was scarcely to be expected that the state would revive the grants to academies. Soon after the passage of the common school law of 1836, however, it became evident that an attempt would be made to increase the subsidies to these institutions. This was due to the then recent establishment of the system of common schools. When the laws of 1834 and of 1836 went into effect it was discovered that there was a great dearth of competent teachers. And, as was obvious, the public schools could not be expected to succeed unless some provision was made for training the men and women who expected to teach in them. The lack of trained teachers and the absence of secondary schools or training schools, in which they might be prepared, was commented upon by nearly every state superintendent of common schools throughout this period.[111] It was but natural that under the circumstances an attempt would be made to revive the defunct academies.

[109] Report of the Secretary of the Commonweatlh to the Constitutional Convention of 1837-38, *Proceedings and Debates*, III, p. 7.

[110] Pp. 382-384.

[111] See for example the statement of Superintendent Burrowes, *Report* (1838), p. 17.

In the second place, after the elementary schools were established the more enthusiastic educators began to plan for publicly supported secondary schools. The act of 1836 had given the controllers of the Philadelphia schools the authority to establish a central high school for those of its youth who desired further education after leaving the elementary schools.[112] Since there was no limitation as to the use that that city might make of its share of the subvention, which would preclude such a procedure, it may be said that the state was here aiding secondary education.[113] In 1838 the state superintendent advocated state aid not only for private academies but also for secondary and practical business schools and for colleges. The secondary and the practical schools he believed should be free and supported by taxation.[114] There was a general movement to complete, or at least to advance toward completion, a system of public education extending from the primary grades through the college.

In 1838 the legislature passed an act to encourage the arts and sciences, to promote the teaching of useful knowledge, and to support colleges, academies and female seminaries.[115] It was provided that $1,000 should be paid annually to each college or university that was already incorporated, or that might be incorporated in the future, having four or more professors and one hundred students. The state also agreed to pay from $300 to $500 annually to each academy or female seminary that then was, or should in the future be incorporated.[116]

Practically no limitations were placed upon the grant. With respect to curriculum it was required merely that teachers must be employed capable of giving instruction in Latin, Greek, mathematics and English, or English and German literature. It should be noted that the act did not require that any one of these subjects be taught, and there was no provision for administrative inquiry into the qualifications of the teachers employed. Reports to the state superintendent were required as to the conduct of the seminaries, academies, and colleges, but an

[112] Sec. 23, Act 13 June, 1836, *P.L.* p. 533.

[113] The cost of maintaining this high school was about $14,000 annually. See *Reports of the Controllers* for 1839 and 1844.

[114] Supt. Common Schools, *Report* (1838), p. 16.

[115] Act 12 April, 1838, *P.L.* pp. 333-334.

[116] The amount paid depended upon the number of teachers and of pupils taught. Academies and seminaries having at least 15 students and one or more teachers competent to teach certain subjects were to be paid $300, those having from 25 to 40 pupils and one teacher $400, 40 pupils or over and two or more teachers $500.

inspection of the reports of that officer fails to reveal anything but the most superficial generalities concerning education in these institutions.

As might have been expected, a large number of academies and seminaries immediately sought to obtain a share in the subvention. At the session of the General Assembly during which the subvention act was passed twenty-seven seminaries and nineteen academies were incorporated and in the following year eight seminaries and twenty-six academies were chartered.[117] During the first year of operation of the law forty-three academies and fifteen seminaries were paid money under the provisions of the act, and in 1843 sixty-four academies and thirty-seven seminaries received the subsidy.[118]

In 1839 the legislature awoke to the fact that unless some check were put upon the increase of academies and seminaries, either the subsidy would automatically absorb a very large part of the revenue of the state, or it would be necessary to reduce the amount of the grant to each school. In that year at least seven academies were incorporated with charters providing that they should not participate in the annual state subsidy, while one received a gift of $2,000 for building purposes with no right of participation.[119]

In 1839, the first year in which the system was really in full operation, the subsidies paid under this act amounted to $38,994, while in 1843, $48,298 were disbursed.[120] The act of 1838 had provided that this subsidy should be paid for ten years, but in 1843 the legislature, looking about for opportunities to economize, reduced the subvention to $23,500 and repealed the act of 1838.[121] In the following year no appropriation was made to these institutions.[122] The making of outright gifts of money had practically been discontinued in 1843 and the act of 1844 put an end to the annual subvention to these institutions.

Whether or not this second attempt to build up secondary schools by means of an annual subvention would have been more successful than

[117] See indices of session laws for years given, under "Academies," and under "Seminaries."

[118] Wickersham, p. 386.

[119] See acts passed in 1839, *P.L.* pp. 481, 505, 508, 312, 477, 494 and 196. Wickersham, p. 386, asserts that the beginning of the non-participating charters came in 1840.

[120] Wickersham, p. 387, and reports of state superintendents for years 1838 to 1843. These amounts are smaller than the amounts given in Table I, because that table includes *all* payments to academies, seminaries and colleges, whether occasional grants or subventions paid under the act of 1838.

[121] Act 29 Sept., 1843, *P.L. of 1844*, p. 6.

[122] See Act 31 May, 1844, *P.L.* pp. 582-588.

the policy of haphazard occasional grants cannot, of course, be definitely determined. The amount of the annual subvention to each academy and each seminary was not large enough to have constituted its main financial support. It was large enough, however, to have been of material assistance to those institutions that could command a respectable support from the population surrounding them.

The most serious defects in the policy as set forth in the act of 1838 are not to be found in the amount of the subvention, but in the failure of the legislature properly to safeguard it. In the first place the legislature took no measures to prevent schools that could not command local support from obtaining charters and participating in the subvention. When the state aids a local institution it should always see to it that the revenue resources of that institution, other than state money, are sufficient when added to the subvention adequately to perform the services it is intended to render. Furthermore, the state should not make the subvention to institutions unless they are performing a service of great public benefit and performing it in such a manner as to command the respect and moral support of the people about them. In making the subvention to secondary education, the General Assembly did not observe these two principles.

Another defect in the act of 1838 was its failure to provide for central supervision of the service aided. This defect followed naturally from the failure to appreciate the two principles just enumerated.

When the subvention to secondary schools was repealed in 1844, the subsidy to colleges was also stopped, and the nine institutions that had received assistance from the state treasury, varying in amount from $3,500 to $10,354, were cut off with as little ceremony as were the academies and seminaries. The act of 1838 was a much more judicious measure than the earlier plan whereby colleges were granted lands, loaned money, and subsidized in a haphazard fashion. What was the actual benefit of the short-lived subsidy of 1838, or what might have been expected of it in the future are only matters for conjecture. The law required no audit either for the secondary schools or for the colleges, nor did it apply any control except the mild requirement of a report to the state superintendent of common schools. The failure to control the colleges was, of course, less to be condemned than lack of supervisory power over the secondary schools, because the former were not in an intermediate position, and because they were probably in the hands of more capable men. Contrary to the experience in the case of the secondary schools, the granting of the subsidy, in 1838, did not lead to the

chartering of more colleges, and it may be assumed that the annual subvention of $1,000 was too small to tempt anyone to establish a new institution. Or, perhaps, the fate of many small colleges chartered during the land-grant period served as a warning effectually to prevent the repetition of the over-provision of that day.

Miscellaneous Occasional Grants, 1826 to 1844

In the preceding sections of this chapter permanent and occasional subventions to charity and to reformatory institutions, the permanent grants in aid and the occasional subventions to education have been dealt with. The tendency of the period was to make the grants permanent. Those to the institutions for defectives and to the House of Refuge soon became permanent, and in the case of education, the common school subvention and the subvention to academies, seminaries, and colleges, shows the same tendency at work.

With respect to highway maintenance, however, the case was different, and there was, so far as can now be determined, no tendency to substitute a permanent grant for occasional aids. The explanation of this is partly to be found in the nature of the service aided. The greatest expense for roads in a new country, or in an old one that is just awakening to the need of improved highways, comes when the roads and bridges are first constructed. Subsequent maintenance expenses were, in the days of slowly moving horse-drawn vehicles, relatively light. Hence there was no especial need for assistance in keeping the roads in repair. Another reason for the occasional grant rather than the permanent subsidy was that the service was largely of local interest. With the exception of the turnpiked roads, which it was hoped would serve as feeders for the canals and navigable rivers, no one but the people in the immediate neighborhood was interested in the state of the highways in a given township or county. As we have already seen, one of the strongest reasons for the establishment of the permanent suvbentions was the fact that the services aided were of state-wide interest. This was true in the case of the schools for defectives, the House of Refuge, and especially the educational institutions. There was no such common interest in road building at this time. Hence the grants could not command the same support from the common treasury.

The policy of making grants to assist the localities in the construction of highways or bridges in particularly difficult regions, which was begun in the last decade of the eighteenth century, was continued into this period. The type of grant was changed in no important particulars.

The amount given usually ranged from $200 to $600. Control and audit were, as a rule, by the regular county auditors or, in few instances, by the court of quarter sessions.[123]

In a few cases the appropriation acts provided that the payment of the state grant should be complete only in case the localities raised, either by local taxation or by subscription, an additional amount for the improvement contemplated.[124] The state also continued, as during the earlier period, to appoint commissioners to lay out new roads and to assess the cost upon the counties in which they were located.[125] The extravagant years of 1836 to 1838 do not seem to have produced the same revival of the grants for roads that was observed with respect to other services. Perhaps this was because the state was becoming fairly well provided with highways and because the incorporated turnpike companies were supposed to look after the main roads. By 1844 practically no payments were made to aid in local road-building and maintenance.

[123] See a grant to the commissioners of Berks County, Act 4 April, 1837, *P.L.* pp. 353-354.

[124] See, for example, Act 13 April, 1827, *P.L.* p. 256.

[125] Act 5 April, 1826, *P.L.* pp. 208-212; Act 14 April, 1827, *P.L.* p. 400; Act 1 April, 1830, *P.L.* p. 137.

CHAPTER V

THE HISTORY OF SUBVENTIONS FROM 1844 TO 1873

The Financial Policy of the State, 1844 to 1873

The year 1844 marks the end of the period of expansion of the Pennsylvania system of state works and, therefore, the end of one epoch of the financial history of the state. From that time until the works were sold, in 1857 and in 1858,[1] only the completion of lines already undertaken and the construction of branches or feeders was attempted. During the years immediately succeeding 1844 the state attempted to sell the canals, but since no bidders could be found to purchase them under the conditions imposed, they remained under state control.[2] They were, however, a liability rather than an asset.

The net revenue derived from the canals was very small during the entire period 1844 to 1858. In 1856, for example, the gross receipts of the entire system were only about $60,000 in excess of operating expenses, payments for renewals and certain small extensions. In 1857 Governor Pollock stated that the total of all receipts from the state works was $2,006,015.66, and that "The extraordinary payments during the year [1856] amounted to $808,892.16; ordinary expenditures, $1,135,004.00; net revenue, (excluding extraordinary payments and for motive power) $871,011.00."[3] Since we are concerned only with the effect of the man-

[1] The sale of the main line was authorized by Act 16 May, 1857, *P.L.* pp. 519-526. The main line of the public works included: "the Philadelphia and Columbia railroad; the canal from Columbia to the Junction at Duncan's Island; the Juniata canal from thence to Hollidaysburg; the Allegheny Portage railroad, including the new road to avoid the inclined planes, and the canal from Johnstown to Pittsburg with all property thereto appertaining or in anywise connected therewith." *Ibid.* The sale of the various branch lines was authorized by Act 21 April, 1858, *P.L.* pp. 414-419. The branch line canals were constructed as feeders of the main line of state works. There were four divisions known as the Upper and Lower North Branch, the West Branch, and the Susquehanna division. *Ibid.* The Pennsylvania Railroad Company purchased the main line for $7,500,000 giving its bonds in payment, with the stipulation that these bonds should be repaid at specified intervals. Annual Message of the Governor, 1858, *Pennsylvania Archives* IV Ser. VII p. 935. The Sunbury and Erie Railroad Company agreed to pay the state $3,500,000 for the branch lines, Annual Message of the Governor, 1859, *Idem*, VIII, p. 93.

[2] Aud. Gen. *Report* (1880), pp. 285-287.

[3] Annual Message of the Governor, 1857, *Pennsylvania Archives* IV Ser. VII, pp. 874-875.

agement of the works upon the state's financial policy, and not with the profitableness of the canals as isolated business ventures, the important thing to notice is that of the $871,011.00 "net revenue" (excluding cost of motive power!) $808,892.16 was used in canal maintenance or extension. The interest on the debt contracted to build the canals, which was in excess of a million and a half annually, was met by taxation.[4]

The attempt to stop the increase in the bonded indebtedness of the state was not successful as long as the works remained under state control, as the following table shows.

AMOUNT OF THE STATE DEBT, AND ANNUAL INTEREST PAYMENTS FROM THE STATE TREASURY, 1844-1860[1]

Year[2]	Amount of Debt (000)	Annual Interest Payments During Year (000)	Year[2]	Amount of Debt (000)	Annual Interest Payments During Year (000)
1844	$40,835	$ 50	1853	$40,566	$2,105
1845	40,896	1,790	1854	40,613	2,074
1846	40,790	1,992	1855	40,197	2,077
1847	40,629	2,007	1856	40,118	2,048
1848	40,475	2,012	1857	39,882	2,034
1849	40,511	2,017	1858	39,488	1,989
1850	40,775	2,009	1859	38,639	1,986
1851	40,114	2,026	1860	37,970	1,929
1852	41,525	2,071			

[1] These figures are taken from the *Reports* of the Auditors General. The amount of the debt is given as outstanding on the first day of the fiscal year, Dec. 1. The interest payments are for the year preceding. The interest figures contain amounts, usually less than $50,000, for interest on temporary loans, which are apparently not included in the total debts. These interest payments cannot be accurately separated. Cf. Tenth Census, VII, *Taxation, Valuation and Public Indebtedness*, p. 542. The amount of the debt includes funded debt, relief notes, interest certificates, temporary loans and amounts borrowed from banks.

[2] Amount of debt is given for Dec. 1 of year indicated.

[4] See "An Act to retire the State Debt . . . " Secs. 32-48, Act 29 April, 1844, *P.L.* pp. 497-503.

The interest payments due each year until 1859 amounted annually to approximately $2,000,000 for the funded debt alone. Previous to 1847 the state did not meet the entire interest charge from its revenues, but issued interest certificates which were added to the debt. The amount of the total expenditures of the state, the amount of interest payments, and the total revenue are shown in the following table:

TOTAL EXPENDITURES, INTEREST PAYMENTS, AND TOTAL REVENUES, FOR CERTAIN YEARS, 1846–1860[1]

Year ending Nov. 30	Total Expenditures (000)	Interest Payments (000)	Total Revenues (000)
1846	$3,225[2]	$1,992	$2,115[5]
1850	2,690[3]	2,009	2,704[6]
1855	3,225[4]	2,077	3,390[7]
1860	2,962	1,929	3,378[8]

[1] From *Reports* of Auditors General.

[2] Does not include expenditures for canals and for payment of relief notes.

[3] Does not include expenditures for canals, nor payments to commissioners of the sinking fund.

[4] Does not include expenditures for improvement and cost of operation of public works, payments to commissioners of the sinking fund, nor rebate of taxes, otherwise the total is as given by the Auditor General.

[5] Does not include receipts from canals and railroads, canal fines, sales of canal material, nor refunds.

[6] Does not include canal tolls, fines, sales of canal material nor refunds.

[7] Does not include canal tolls nor refunds.

[8] Does not include repayment of debts, nor refunds.

The outbreak of the Civil War caused an immediate increase in the public debt; but a part of the funds expended by the state was soon repaid by the federal government, and the debt was speedily reduced to a lower figure than that of 1860, as the following table shows:

AMOUNT OF THE STATE DEBT AND ANNUAL INTEREST PAYMENTS, 1861 to 1873 INCLUSIVE[1]

Year ending Nov. 30	Amount of Debt (000)	Interest Payments (000)	Year[2]	Amount of Debt (000)	Interest Payments (000)
1861	$40,581	$1,918	1868	$33,287	$1,980
1862	40,448	2,206	1869	32,815	1,896
1863	39,497	2,068	1870	31,112	1,865
1864	39,380	2,435	1871	29,280	1,785
1865	37,476	1,995	1872	27,303	1,706
1866	35,622	1,892	1873	25,799	1,563
1867	34,766	2,257			

[1] From *Reports* of Auditors General. The figures for amount of the debt include the same items as in the table for 1844–1860. The interest payments also include varying amounts paid on short-time loans from banks. Cf. Tenth Census, VII, *Valuation, Taxation and Public Indebtedness*, p. 542.

These three tables show the importance of the role played by the debt in state finance. During the years 1844 to 1855 the interest charge absorbed the greater part of all tax revenues collected by the commonwealth. After 1858 the reduction of the debt resulted in a diminution of the interest charge and made possible a more liberal policy of expenditure for other purposes. The following table shows the course of state expenditures during the years 1861 to 1873:

STATE EXPENDITURES, BY PURPOSE, FOR CERTAIN YEARS, 1861-1873[1] (in thousands of dollars)

Purpose	1861	1865	1870	1873
General Government	449	616	826	1,402[4]
Military	2,359	382	36	86
Charitable	154	329	925[3]	970[5]
Educational	345	355	649	804
Redemption of Loans	483	1,904	1,790	1,552
Interest on Loans	1,918	1,995	1,865	1,563
All Other	134	208	344	357
Total	5,842[2]	5,789	6,435	6,734

[1] No attempt has been made in this tabulation to classify the payments from the state treasury in accordance with the principles of governmental accounting, since

The most significant facts brought out by this table are the reduction of the interest charge, the large amounts devoted to the reduction of the debt, the increase of the cost of general government by over 100 per cent, (excluding the unusual item for the constitutional convention) and, finally, the growth of expenditures for charitable and educational purposes. These last are largely subventions. All these increases indicate a more liberal policy of state expenditure.

In order that the total expenditure might increase from $2,690,000 in 1850 to $5,842,000 in 1861 and to $6,734,000 in 1873, while the amount of the debt was decreased nearly $15,000,000, revenues must have increased proportionately. The next step in outlining the financial policy of the state is, therefore, to discover the sources of this revenue and to ascertain, if possible, the new distribution of revenue resources between state and localities that resulted from the development of the state system of taxation.

In 1844 was passed the act that laid the foundation of the present system of taxation in Pennsylvania.[5] This law levied a direct state tax upon real estate; upon certain personalty, including live-stock, mortgages, notes, money owed by solvent debtors, bank shares, shares in savings institutions, shares in corporations, public bonds and stock, excepting those of the state, all household furniture, including gold and silver plate, subject to an exemption of $300, and upon pleasure carriages; upon occupations, professions, and trades, except that of farmer.[6] The act further provided for the assessment and collection of the tax upon corporation shares directly by state officers. The assessment of taxes upon real estate and upon personalty, other than corporation shares, was entrusted to county officers.[7] Other taxes levied by the state in 1844 were: taxes on bank dividends; auction duties and auction commissions; license taxes on tavern-keepers, on retailers, on pedlers and on brokers; taxes on writs; a collateral inheritance tax; and a tax on certain

[5] Eastman, *Taxation for State Purposes*, p. xii.

[6] Sec. 32, Act 29 April, 1844, *P.L.* pp. 497-498.

[7] Secs. 33-41, Act 29 April, 1844, *P.L.* pp. 498-501.

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adequate information for such a classification is wanting. The figures of the Auditors General have been reproduced, except that a number of items have been combined in "Charitable," "Educational," and "All Other."

[2] $31,000 refunded taxes have been excluded; otherwise the total is as given by the Auditor General's *Report*.

[3] Includes $508,000 for Soldiers' Orphans' Schools.

[4] Includes $411,000 for the expenses of the constitutional convention of 1872-1873.

[5] Includes $469,000 for Soldiers' Orphans' Schools.

offices. The following table shows at a glance the development of new taxes, together with the revenue received from all sources:

STATE REVENUE RECEIVED FROM PRINCIPAL TAXES, AND FROM OTHER SOURCES, FOR CERTAIN YEARS, 1844 to 1873

(in thousand of dollars)[1]

	1844	1850	1855	1860	1863	1865	1870	1873
Tax on real and personal estate	751	1,318	1,721	1,445	1,733	1,959	702[3]	542
Tax on bank dividends	47	154	345	227	228	206	.....	.....
Premiums on charters	1	89	11	15	16	91	59	68
Tax on corporation stocks	52	137	274	276	439	1,238	1,526	1,704
Foreign insurance agencies	.....	3	4	20	42	111	280	353
Tax on loans	.....	119	140	130	148	316	349	688
Auction duties and commissions	92	63	73	53	54	86	51	14
Tax on tonnage of R. R.s	.....	.....	.....	.....	.....	389	401	385
Annuities for right of way	.....	.....	10	10	10	10	10	10
License taxes	113	310	399	497	449	602	806	835
Tax on brokers and private bankers	.....	.....	.....	.....	23	47	.....	.....
Tax on writs, etc	33	45	59	60	62	71	75	113
Tax on net earnings	.....	.....	.....	.....	.....	143	396	446
Tax on gross receipts	.....	.....	.....	.....	.....	.....	393	798
Collateral inheritance tax	22	102	118	147	187	294	341	328
Tax on coal	.....	.....	.....	.....	.....	.....	251	336
Interest	.....	.....	.....	389[2]	34[2]	.....	.....	.....
Commutation of tonnage tax, Penn. R. R.	.....	.....	161[4]	31[4]	360[4]	360[4]	360[4]	230[4]
All other	43	78	99	49	71	122	206	135
Total	1,154	2,418	3,414	3,349	3,856	6,045	6,206	6,985

[1] From the totals there have been excluded in each year the following items entered by the Auditors General in their *Reports*: Sales of property, other than land, including securities and payments for the public works, canal and railroad tolls, canal fines and sales of old canal materials, loans, refunds, and interdepartmental receipts and payments.

[2] Interest paid by the railroad companies that purchased the state works.

[3] The state tax on real estate was repealed in 1866. See Sec. 4, Act 23 Feb., 1866, *P. L.*, p. 83.

[4] This was a special tax levied upon the Pennsylvania R. R. Co. because it competed with the state works. This tax was later commuted for an annual payment of $360,000, Eastman, *Taxation for State Purposes*, p. 145.

During this period, 1844-1873, the state's financial policy was controlled by two factors. From 1844 to about 1860 the burden of the internal improvement debt made economy and restriction of expenditures for other purposes an absolute necessity. Hence new subventions could not develop, and those already in existence were curtailed or prevented from increasing. But from 1860 to 1873 the growth of corporate wealth made it much easier for the state to secure revenue.

The most significant fact in this development of state revenues is the monopolizing of the new sources of revenue by the state. Banks appeared, and the state promptly taxed them, leaving their tangible property subject to local levy; corporations and public service concerns came with the development of railroads and of the great industrial enterprises, and the state taxed them. The state also levied indirect taxes, including the tonnage tax and the numerous license taxes on wholesalers and retailers. These taxes were imposed not only on the sellers of alcoholic liquors but also on the vendors of general merchandise, on pedlers, on theatres, circuses and places of amusements, on restaurants and inns, and on brokers.

The occasion for the elaboration of the tax system seems to have been the heavy burdens imposed by the Civil War, but, undoubtedly, the need for new taxes to hit new forms of wealth was a potent factor in the development of new duties. With the elaboration of the revenue system, came also an elaboration of the services performed by the state and an extension of its subvention policy. It is undeniable that the principal cause of the development of new taxes was the need for revenue to meet the extraordinary expenditures of the war and to pay the debt; but it is also true that the new taxes were retained after the needs which they were created to meet had been filled. In part they were retained to finance the new services which the state was rapidly developing, and in part to impose a heavier burden upon corporate wealth which largely escaped local taxation.[8] The effect of the changes in the financial policy of the state upon the amount and character of the state subventions which was most marked will be dealt with in the succeeding sections of this chapter.

The Grant in Aid to Common Schools

The years 1834 to 1844 witnessed the beginnings of the common school system. As was pointed out in the last chapter, the introduction

[8] The rearrangement of the revenue system during this period for the purpose of accomplishing a better equalization of the burden of taxation upon different forms of wealth will be discussed in Chapter VI.

of the state system, involving *free* schools, taxation for the support of such schools, and non-sectarian instruction, was accomplished only in the face of bitter opposition from nearly every part of the state. And the successful inauguration of the system, crude and inadequate as it was, depended very largely upon the ability of the state to make large contributions to its support. Furthermore, owing to this opposition, the state placed very liberal conditions upon the acceptance of the grant, and did not attempt strictly to enforce them. The adoption of the system was even made optional for each district, and the chief purpose of the subvention, during the years 1834 to 1844, was to stimulate local interest in the schools.

During the period 1844 to 1873, however, the more liberal policy pursued during the first decade of the system was gradually abandoned, and the conditions attaching to the subvention were increased and more strictly enforced. In addition, after 1848 constant pressure was brought to bear upon those districts that had not accepted the system to compel them to fall into line. The act of 1848[9] made the establishment of free schools one of the statutory duties of the local governments. From the legal point of view the question of "free schools or no free schools" was definitely settled by that statute. It should be noted, however, that a few districts refused to organize, and in 1873 in spite of a special subsidy offered by the state in 1868 to districts opening schools for the first time, and in spite of all that the state superintendent could do to create a sentiment in favor of public schools, one district still refused to obey the mandate of the legislature.[10]

The general adherence of the people to the schools having been gained, the attention of the state officers was turned, during this period, to the settlement of smaller yet vital problems. Many of these were of a technical nature and the districts were often induced to accept the solutions arrived at by state officials without the necessity of using the threat to withhold the subvention. This was done in a majority of cases by means of friendly advice from the office of the state superintendent. In larger matters, such as the length of the school term, the power of the superintendent to withhold state aid was used to compel uniformity. It has just been said that after 1848 the school system was supposed to be in operation throughout the state. But in many instances the districts complied with the law in only a perfunctory manner. And, since the state was either unable or unwilling to provide a large subvention, it

[9] Act 11 April, 1848, *P.L.* p. 520.

[10] See Supt. of Common Schools, *Report* (1873), p. xii.

was many years before it could require the establishment of efficient schools.

The first problem, then, in the improvement of the system, was to find the funds to finance it. After the disaster which overtook state finances during the years 1840 to 1844, the state contributed a declining proportion of the total cost of carrying on the schools. The amount paid from the state treasury in 1837, $463,750, remained the high water mark of the subvention for many years.[11] In 1837 the districts reported $231,552 levied for the support of the schools,[12] or about one-half as much as the state appropriation. In 1838 as was stated in Chapter IV, the legislature enacted a law which appropriated for school purposes one dollar for each taxable inhabitant of the state.[13] The apparent intent of the legislature was to provide for the growth of the subvention at something like the same rate as the increase of population. But so great was the burden of the debt and so limited were the proceeds of the various revenue measures, that the amount paid to the districts declined absolutely from 1844 to 1849 and was less in 1860 than in 1837. An ever increasing proportion of the burden of supporting the schools was, therefore, thrown upon the district taxpayers. The following table shows the course of the state appropriation and of the amount of taxes levied locally for the support of the system from 1844 to 1854:

THE AMOUNT OF THE STATE SUBVENTION, AND OF TAXES LEVIED LOCALLY FOR THE SUPPORT OF THE COMMON SCHOOLS, 1844 TO 1854 INCLUSIVE[14]

Year	Amt. of State Subvention	Tax Levied Locally
1844	$264,520	$391,340
1845	192,813	370,744
1846	186,418	406,740
1847	187,270	436,728
1848	193,036	501,681
1849	182,884	583,187
1850	186,763	768,422
1851	193,005	914,377
1852	190,266	982,196
1853	184,340	1,021,338
1854	156,389	1,167,119

[11] This was the amount paid to districts outside of Philadelphia, which was not a part of the system under the control of the state superintendent. The general

As may be seen at a glance, the local levy of taxes for the support of the common schools increased steadily throughout the eleven years under consideration. The subvention, on the other hand, declined relatively and absolutely. It was more than $100,000 smaller in 1854 than in 1844. Furthermore, the payments from the state treasury, which had amounted to about two-thirds as much as the local levies in 1844, were only about one-eighth as great in 1854.

It must not be supposed, however, that this was a period of famine for all interests dependent upon the state treasury. For the contractors who extended and repaired the public works it was rather one of feasting and abundance.[15] Nor did expenditures for the maintenance of state officers give evidence of a policy of strict economy. In 1844 the Auditor General reported $254,453 expenditures for general government[15] and in 1854 an outgo of $290,606 for the same purpose.[17] As was but natural in American politics of those days, the legislature economized first on expenditures that were politically least useful.

The effect of the parsimony of the legislature upon the school system was the subject for annual lamentation by the superintendent of common schools. As early as 1845 that officer pointed out that curtailing the appropriation had resulted in a shorter average school term for all districts,[18] and in 1849 he came forward with a proposal for a state inheritance tax upon direct heirs, which, in his opinion, would have produced $1,250,000, or enough completely to finance the school sys-

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school laws applied to Philadelphia, but its school officers were not required to report to the state superintendent.

[12] Supt. of Common Schools, *Report* (1861), p. 240.

[13] Act 12 April, 1838, *P.L.* p. 333.

[14] Supt. of Common Schools, *Report* (1861), p. 240. These data do not include the financial statements of the schools in Philadelphia, which did not report to the state superintendent. The figures for amounts paid by state appropriation do not agree with the figures given by the state auditor general and by the state treasurer, since the fiscal year of the state began Dec. 1, while that of the school system began the first Monday in June.

[15] See Bishop, Ch. V, especially pp. 236-242.

[16] *Report* (1844), p. 23.

[17] *Report* (1854), p. 39. See also the discussion in the House of Representatives on 11 Feb., 1854, in which the history of the contingent expenses appropriation was inadvertently aired. *Daily Legislative Union*, I, p. 87.

[18] *Report* (1845), p. 7.

tem.[19] But the legislature was deaf to his recommendations and no such tax was imposed.

Throughout the state, not only in the legislature, but also among the the people in the districts, interest in the schools seems to have languished. This indifference was attributed to a variety of causes. Well-trained teachers were lacking; there was no suitable agency for determining the fitness of applicants for teaching positions;[20] the state appropriation was inadequate; administration of the schools was too greatly decentralized; and, finally, the legal provisions for levying, collecting, and account- for school revenues were awkward and inadequate.[21]

The failure of the state to contribute amply to the support of the system was partly due to financial difficulties and partly to indifference. The same causes restricted local contributions. The financial difficulties of the local governments were partly artificial and partly real. Among the artificial difficulties was the clumsy law of 1836, which fixed the maximum tax that could be levied by the directors at three times the amount of the district's proportion of the state subvention for the year of 1836. If larger revenues were needed, resort had to be made to a meeting of the voters of the district, who alone had power to assent to taxes in excess of the maximum of three times the state subvention.

Other provisions of the law of 1836 also proved vexatious and cumbersome in their operation.[22] Concrete evidence of the need for more liberal laws was given by the state superintendent in 1848. In that year's report appeared a list of more than a dozen districts, scattered throughout the state, that were not entitled to receive more than $10 annually from the state subvention. The sum of the subvention and the tax that the directors of these districts could legally levy was less than $100, which was obviously insufficient to pay the wages of a competent teacher for an adequate term, to say nothing of defraying the cost of fuel, repairs, and other maintenance charges.[23] This difficulty was removed by the act of 1849, which fixed the maximum tax that the directors could levy at an amount sufficient, with the aid of the subvention, to keep the schools in operation ten months during the year.[24]

[19] *Report* (1849), p. 13.

[20] The president of the board of directors, or some other administrative officer examined the applicant.

[21] See Supt. of Common Schools, *Report* (1847), pp. 5, 7; *Report* (1850), p. 6; *Report* (1856, p. 12; *Report* (1857), p. 43.

[22] Supt. of Common Schools, *Report* (1845), pp. 6-7.

[23] *Report* (1848), p. 9.

[24] Act 7 April, 1849, *P.L.* p. 446.

But the most real financial difficulty that embarrassed the districts was the burden of state taxation imposed upon real and personal property by the Act of 1844. The school tax was levied upon practically the same bases and constituted an additional burden. Hence the school system "was left to depend for a feeble existence on the remnant of that property which public exaction had left in the pockets of the people."[25] It was not until the state tax upon real estate was repealed, in 1866, that this difficulty was removed.[26]

During the years 1844 to 1854, as has been pointed out, the state subvention decreased, and, therefore, no aid in improving the financial condition of the schools was secured from the state treasury. Attempts to gain larger local support were, however, successful. The first method of obtaining better local support was to make the conditions for participation in the state subvention more difficult. In the act of 1848, and again in the codifying act of 1849, it was provided that before any district could participate in the subvention it must have levied taxes sufficient, in conjunction with its share of the subvention, to keep its schools in operation at least four months during the school year.[27] But the districts revolted against this requirement, accompanied as it was by no declaration or even intimation that the state would bear a part of the increased cost, and the prescribed term was reduced to three months in 1850.[28] In 1854 local sentiment in favor of a longer minimum term was strong enough to permit the re-enactment of the four months' requirement.[29] The minimum term remained four months until the law of 1872 increased it to five months.[30]

Of course the requirement for the minimum term was never increased until the majority of the schools were annually in operation for as long, or a longer term than the new minimum contemplated. When the minimum was set at five months, in 1872, the average length of term for

[25] Supt. of Common Schools, *Report* (1849), p. 13.

[26] Act 23 Feb., 1866, *P.L.* p. 83.

[27] See Act 7 April, 1849, *P.L.* p. 446.

[28] Act 6 May, 1850, *P.L.* p. 703.

[29] Act 8 May, 1854, *P.L.* pp. 623-624.

[30] Act 9 April, 1872, *P. L.* p. 46. This act made an exception for those districts in which local taxes were already imposed at the maximum rate permitted by law without securing enough revenue to keep the schools open more than four months.

all districts had been in excess of that minimum for many years. The purpose of the requirement was to spur on the laggards.[31]

The effect of the law making the adoption of the system compulsory, and of the awakened interest in the schools, is seen in the great increase of local revenues raised for their support after 1854.

FINANCES OF THE COMMON SCHOOL SYSTEM, PHILADELPHIA EXCLUDED, 1855 to 1873[1]

Year[2]	Expenditures for Common Schools[3]				State Subvention		Local School Taxes	
	For Instruction (000)	For School-houses (000)	For Fuel and Contingencies (000)	Total[4] (000)	Amount of Subvention (000)	% of Total Com. School Expenditures[5]	Amt. Collected (000)	% of Total Com. School Expenditures[5]
1855	$1,042	$ 266	$ 110	$1,418	$160	11.3	$1,128	79.5
1856	1,146	332	141	1,618	164	10.1	1,372	84.8
1857	1,137	444	173	1,754	165	9.4	1,535	87.5
1858	1,326	454	163	1,943	189	9.7	1,555	80.0
1859	1,404	531	168	2,103	187	8.9	1,621	77.1
1860	1,442	448	210	2,201	194	8.8	1,639	74.5
1861	1,436	496	223	2,156	210	9.8	1,783	82.7
1862	1,367	356	232	1,955	211	10.7	1,756	89.8
1863	1,498	395	251	2,143	212	9.9	1,797	83.9
1864	1,699	489	309	2,396	216	9.0	2,016	83.7
1865	1,991	374	410	2,775	210	7.5	2,318	83.7
1866	2,212	597	458	3,267	233	7.1	2,802	85.8
1867	2,483	985	601	4,069	240	5.9	3,489	85.7
1868	2,619	1,358	642	4,619	219	4.8	4,314	93.4
1869	2,819	1,195	728	5,542	308	5.5	5,068	91.4
1870	3,011	2,560	808	6,379	321	5.0	5,685	89.1
1871	3,183	3,006	799	6,989	318	4.5	6,023	86.2
1872	3,221	2,537	864	6,471	429	6.6	5,439	84.1
1873	3,425	1,478	1,756[6]	6,659	475	7.1	6,672	100.2

[1] Supt. of Common Schools, *Report* (1873), p. 338.

[2] The fiscal year of the school system began the first Monday in June.

[3] The reader should not attribute a great degree of accuracy to these data. They were compiled by the superintendent from the reports of more than a thousand dis-

[31] For evidence that the subvention served the purpose and that its function was well recognized, see the statement of Mr. Lear, in Convention to Amend the Constitution, (1872-1873), *Debates*, II, p. 435, col. 2.

Some striking facts are brought out by this table. It is quite apparent that the increase in local taxation could not have been principally the result of encouragement given by the state grant, since the augmentation began before the state appropriation showed an upward tendency. Thus the increase of more than $400,000 in local revenues from 1855 to 1857 came at a time when the amount of the subvention was at about the lowest point in its history. Also the expenditure for building purposes made startling increases during the years 1865 to 1868, when the state appropriation was nearly at a standstill. The fact that the proportion of the total expenditure contributed by the state decreased steadily, with the exception of the last two years, also indicates that the subvention was not the primary cause of the great outpouring of local resources in support of free schools.

It is noticeable that after the state tax on real estate was removed, in 1866, the local levies for school purposes increased very rapidly. But the period of large annual additions had begun somewhat earlier. Hence, it can hardly be said that the repeal of the real estate tax was a controlling factor in the growth of local taxation.

By way of summary we may note the points brought out by this discussion of the finances of the school system from 1844 to 1873. (1) The failure of the state to contribute generously to the support of the schools was partly responsible for the lack of public interest from 1844 to 1850; but, (2) the revival of interest following that year, and the great increase in local taxation which occurred in the 'sixties, was probably not due so much to state aid as to reforms in the management of the schools and to the development among the people of an appreciation of the value of public education. (3) The subvention was useful, however, in compelling backward districts to contribute more freely to the support of their schools.

The second problem that was brought up for solution during this period was how to secure financial accountability for district officers. Local audit

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tricts whose officers, in probably a majority of cases, did not keep accurate accounts. The table is given for the purpose of showing general tendencies.

[4] These totals are given as reported by the Superintendent.

[5] The figures given in these two columns do not, of course, total 100 per cent, since the total of revenue receipts and the total of expenditures were not always equal. Also considerable amounts were borrowed, especially for the purpose of building school houses.

[6] This amount includes "fees of collectors and treasurers, salaries to secretaries, debt and interest, and all other expenses," apparently for the first time. See *Report* (1873), p. 338.

of accounting for funds entrusted to the district treasurer was required by all the earlier laws as well as by the acts of 1849[32] and 1854.[33] But the state had no agency for determining whether the funds it appropriated for the support of the schools were faithfully applied. A very feeble attempt was made to guarantee the central government against misapplication of funds and against illegal participation in the subvention by districts that did not live up to the requirements of the law by requiring detailed reports to the state superintendent. These reports, which were supposed to cover the financial management of the schools, were required to be in the hands of the superintendent before any district could participate in the state grant. But, by the acts of 1836 and 1849, the superintendent was compelled to draw his warrant for the payment of the subvention to any district whose directors made the required reports and forwarded to him a certificate showing that they had levied the minimum tax.[34] The provisions of the law were mandatory and left the superintendent no discretion.

Unfortunately, the superintendent had no means of knowing whether the reports were reliable, whether the taxes were actually collected, or whether the amount received from the state was actually used for school purposes. This lack of central control was a standing and open invitation to fraud and deception, and district officers took advantage of it. In some districts the boards of directors levied the minimum taxes and forwarded the certificate to the state superintendent, who was thereby required to provide for the payment of the district's quota of state aid. Before the taxes were collected, however, the warrant was withdrawn from the local collector, and no school taxes were really levied. The money received from the state was then used to keep the schools open for a short time.[35] How frequently this ruse was worked we cannot, of course, determine. The state superintendent stated that such practices were "not common." He was quite certain, however, that the reports submitted by the boards of directors were often garbled, or "faked," and still oftener, carelessly compiled.

"More fraudulent practices were sometimes discovered. In numerous instances, and in many school districts, the tax duplicate was withdrawn from the hands of the collector as soon as the warrant for the share of the district in the state appropriation was received and cashed,

[32] Sec. 14, Act 7 April, 1849, *P.L.* p. 443.
[33] Sec. 16, Act 8 May, 1854, *P.L.* p. 620.
[34] See Sec. 30, Act 7 April, 1849, *P.L.* pp. 447-448.
[35] Supt. of Common Schools, *Report* (1849), p. 3.

and no tax collected, no teachers employed, no schools opened, and the money appropriated by the state to sustain a languishing system of public instruction by common schools, applied to the repair of the township roads and highways, and other similar illegal purposes; or what is infinitely worse, transferred to the pockets of the directors themselves as compensation for their official services. Warrants were sometimes obtained on vouchers manufactured for the purpose, and the money drawn from the treasury applied to the benefit of parties having no official connection with the schools." Or, "Inadequate and often no security was required of the treasurers and collectors, and as a consequence, accounts were carelessly kept, and defalcations by no means uncommon, and money which should have been devoted to the education of the pupil, used for private speculation, while dishonored school orders were hawked about the neighborhood in fruitless search of payment or barter. The payment of large fees to justices of the peace for legal advice and the monopolizing of the school fund by the directors in liberal contracts with themselves to build and repair schoolhouses . . . presents still another phase of these financial embarrassments."[36]

On the whole, the fact that in two public reports, separated by six years, considerable space is given to the misapplication of the state subvention is good evidence that such practices did exist. The record of these cases of petty graft is important in one respect only. It is not surprising that public morality was such that graft was connived at by the people in these districts. It is, however, important to observe that the condition which made graft and misapplication of funds possible was the lack of proper central control of the service aided. After 1854, when a more stringent law was passed, and the office of county superintendent created, such irregularities were probably rare; but there is some evidence of their having persisted after that date. Thus, in 1873, the state superintendent laments that "it is painful to admit that somewhat of the recklessness, if not dishonesty, that too often characterizes the holding of public moneys in these times, is chargeable now and then against those who are the chosen guardians of the education of the children of the Commonwealth."[37] By the law of 1854, the president of the local school board was required to make detailed reports to the county superintendent who in turn reported to the state superintendent. This provision must have exercised a salutary in-

[36] Supt. of Common Schools, *Report* (1855), p. 6.

[37] *Report* (1873), p. xi.

fluence for honesty upon the local officers, since the county superintendent was too closely associated with local affairs to be deceived in the case of large frauds.

Thus, after twenty years of operation, the subvention to common schools was finally safeguarded against misapplication and fraud. The principle that when the state makes a subvention it must also take precautions to prevent such abuses as have just been enumerated is, and will be, of universal application as long as dishonest men can be elected to office. If the state appropriates money it must see to it that the money is honestly used. This principle was early discovered in the case of the common school subvention, and tardy action was taken to mitigate abuses in 1854. But so narrow is the range of vision of the average member of the General Assembly that only in recent years has it been recognized that a strict accounting should be required of private charities that receive public assistance. At present (1917) no effective accounting is required of those institutions.

Another salutary provision of the law of 1854 required that before the subvention should be paid the president of the board of directors must have certified that the schools had *already been in operation* four months during that school year. Failure to make reports to the state superintendent was, as has been mentioned, cause for withholding the subvention. Delay in making the report usually resulted in nothing more serious than delay in payment, and the reports of the superintendent from 1860 to 1873 practically all contained lists of districts which were supposed to be entitled to the subvention, but which had not yet made satisfactory annual reports.[38]

A third important problem of this period was that of obtaining competent teachers. Reports on the school system and other official documents contain many references to the difficulty of finding persons competent to give instruction in the elementary subjects. This problem was partially solved by the establishment of the normal schools under the act of 1857. The method employed by the state to induce private corporations to develop those institutions will be treated in the following section.

To provide adequate professional training for teachers does not, of course, insure efficient instruction. It is also necessary to require the districts to *employ* competent and well-trained teachers and to provide these teachers with good mechanical equipment. In the main, the state did not interfere directly with the local administration with respect to

[38] See, for example, *Report* (1868), p. 379; *Report* (1873), pp. 339-340.

equipment. In some instances districts were given special minor concessions for buildings, but no restrictions were placed upon the type of building constructed.

The act of 1854 did, however, provide for very effectual interference with local autonomy in the selection of teachers. Previous to that date, the district officers were the sole judges of whether an applicant was qualified to teach in their schools. The law of 1854 changed this condition by requiring that teachers should be employed who were competent to give instruction in certain elementary subjects and made the county superintendent the judge of their competence. If any board of directors continued to employ teachers who had failed to meet the approval of the superintendent, they thereby forfeited their quota of the state subvention for that year.[39]

An examination of the reports of the state superintendent reveals only a small number of cases in which the subvention had been forfeited for this cause.[40] But the number of districts that were thus disciplined does not prove or disprove the efficacy of the provision, any more than the number of convictions for burglary proves or disproves the vigilance of the police in guarding property. Competent, unprejudiced, contemporaneous opinion as to the effect of the provision is meagre. Perhaps the best is a statement in debate in the Constitutional Convention of 1872-73 to the effect that were it not for the power of the central authorities to withhold the subvention, directors would often employ teachers who were not well qualified.[41] No single argument was used more frequently in this convention to support the demand for an article fixing a minimum subvention than the statement that by means of such a subvention the central authorities had been able to coerce the district officers into observance of the law and to induce backward districts to make needed improvements in their schools. To insure the continuance of this advantage several of the delegates asserted that the subvention should be permanent and as large as the state could afford to pay.[42] Wickersham also puts the same argument tersely when he writes that the state appropriation had "always been a lever to overcome obstructions blocking the way, and to lift the system from a lower to a higher

[39] Act 8 May, 1854, *P.L.* pp. 625-628.

[40] See *Report* (1865), p. 298; *Report* (1867), p. 367-368 for typical statements.

[41] By Mr. Mann, Convention to Amend the Constitution (1872-1873), *Debates*, II, p. 437, col. 1.

[42] See speeches of Darlington, Mann, Harry White Lear, *idem*, pp. 419ff.

plane."[43] Perhaps the best short statement of this function of the subvention is to be found in the state superintendent's report for 1848, which characterized it as "a check to injustice, an excitement to apathy, and a reward for well doing."[44]

This is what the ideal subvention should do, but, as we have seen, at the very time this officer was writing directors were misapplying funds, and the people seemed indifferent to the success or failure of the schools. It remains to show that the method employed for distributing the grant was not calculated always to reward well doing and to punish neglect and incompetence.

Whether a subvention will destroy apathy and excite local authorities to zealous performance of their duties, depends, of course, upon whether the grant is made a reward for well doing and a whip to be held over the heads of the careless and inefficient. If the subvention is paid regardless of the standard of performance maintained in the service aided, it may afford a welcome relief from local taxation and may serve to equalize the burden of taxation, but it is more likely to pauperize the local governments and to make them indifferent than to stimulate them to greater activity. Pennsylvania did not, during this period, arrive at a complete solution of the problem of making the grant to common schools a spur to activity and a reward for well-doing. This was due, in the first place, to the failure to prescribe stringent regulations for districts receiving the subvention. Of course, each district was required to keep its schools in operation for a minimum term in each year and to employ teachers deemed competent by the county superintendent, and to make reports to the state superintendent. But there were no requirements as to mechanical equipment, curriculum,[45] wages paid teachers, or the sanitation of school houses.

In distributing the subvention the legislators seem to have consulted the parable of the talents, for in its workings the method of distribution gave large subventions to the more populous and wealthier districts and small ones to the sparsely settled, poorer communities. The earlier laws provided that the subvention should be divided among the counties in accordance with the number of taxables enumerated triennially by the local tax authorities. The quota going to each county was then divided among the districts in accordance with the number of taxable

[43] P. 343.

[44] *Report* (1848), p. 11.

[45] Except a meagre one applied in 1854.

residents in each.[46] The act of 1836 provided for the distribution of the state subvention directly to the districts in proportion to the number of taxables resident in each.[47] This method was maintained throughout the period under consideration.

In 1863 the legislature attempted to change the method of distribution and enacted that thereafter the grant should be distributed to each district "in proportion to the number of pupils attending the school therein. . . ."[48] But the state superintendent found it inadvisable to make the distribution on the basis prescribed by the law. In the first place, the terms of the act were indefinite. What did "the number of pupils attending the schools" mean? Was it the total number enrolled during the school year? Or was it the average attendance? If the latter, how should the average be computed? But had the law defined accurately the basis for distribution, the plan would have been unworkable, in the opinion of the superintendent, because the reports received from the districts were so unreliable that any distribution based thereon would have been likely to work great injustice.[49] Because of the objections to the new scheme the superintendent did not obey the law, and no distribution was made for the year ending June, 1864,[50] until the legislature re-enacted the old provision for distribution according to taxables.[51]

It must not be assumed that the old method of apportioning the state appropriation was reinstated because it gave satisfaction. On the contrary, both state and local officials were well aware of its imperfections, and many were the voices raised against it. In 1863 the state superintendent showed at length how utterly inadequate and unjust it was. The following table, which gives data concerning two of the wealthier and more populous, and two of the poorer and more sparsely settled

[46] See Sec. 19, Act 1 April, 1834, *P.L.* p. 177. The term "taxable" is synonomous with "taxable inhabitant of the district." See Act 15 April, 1834, *P.L.* p. 512, which includes the persons paying taxes on real estate and on certain enumerated kinds of personal estate, and all holders of taxable offices, posts of profit, professions, trades and occupations and all single freemen above the age of twenty-one years who did not follow any occupation or calling. "Who is a taxable inhabitant? Clearly, a taxable is one who is, or who may lawfully be, taxed." *In re Proceedings for Approval of Ordinance of the City of Chester*, etc., *174 Pa. 180* (1896).

[47] Act 13 June, 1836, *P.L.* p. 529.

[48] Act 14 April, 1863, *P.L.* p. 365.

[49] Supt. of Common Schools, *Report* (1863), pp. xv-xvi.

[50] *Idem*, (1864), p. 41.

[51] Act 17 March, 1864, *P.L.* p. 23.

counties, shows concretely the objections to the basis of distribution employed.

THE BURDEN OF SCHOOL TAXES, THE DISTRIBUTION OF THE STATE SUBVENTION, AND THE EXPENDITURE PER SCHOLAR FOR FOUR COUNTIES, AND FOR THE STATE, 1865[1]

County	Tax levied (mills per dollar)		Tax Collected per scholar in attendance	No. of taxables per school	Subvention per school	Subvention per scholar in attendance
	Buildings	School purposes				
Lancaster	3.08	.90	$ 6.74	61.7	$23.00	$0.66
Potter	10.40	7.15	6.45	24.8	9.45	0.49
Delaware	3.45	1.86	13.08	70.0	26.58	0.77
Sullivan	9.41	7.00	4.63	21.6	7.58	0.37
Entire state	5.89	3.63	5.84	.....	16.27	0.54

[1] Supt. of Common Schools, *Report* (1865), Tabular Statement, pp. 288-289, and p. 22.

While the reports from which these data are compiled are not strictly accurate, the results are sufficiently dependable to enable us to make certain general observations. It is apparent that the denser population of Lancaster and Delaware enabled each district within those counties to draw a much larger subvention than was possible for those of Potter and Sullivan counties. Hence the amount of the subvention *per school* was much larger in the former two counties. Of course, since each school also enrolled more pupils in Lancaster and in Delaware counties, the cost of operating was greater; but not greater in proportion to the number of children, since the cost of conducting a public school does not increase in the same ratio as the number of children in attendance. To distribute the subvention according to taxable inhabitants is to give according to ability and not according to need.

Again, it is apparent that although the burden of taxation, as shown by the tax rates, was much heavier in Potter and in Sullivan counties, the school revenue per child accruing from these taxes was less than in Lancaster and in Delaware counties. Large subventions were accompanied by low tax rates and light school burdens, while small subven-

tions were the reward of heavy taxation and great exertion to sustain the system.[52]

It is not probable that a better basis for distribution than that of the number of taxables was available at the time the school system was put into operation. At that time no record was kept of the number of children of school age in each district, while the number of taxable inhabitants was readily ascertained by reference to the assessors' lists. Furthermore, the number of taxables was undoubtedly a fair index of the population of the districts, and it may be assumed that those who wrote the laws of 1834 and 1836 considered distribution according to population as fair as any method that might actually be devised. The fact that it was more than a decade later before the state superintendent began to criticise the method employed, is evidence that distribution according to taxables was generally conceded to work approximate justice during the early history of the system.

Discontent with the basis of distribution originally selected and the suggestion of other bases came only after the schools were firmly established and attention was turned to perfecting the system. But no solution of the problem was arrived at and a serious attempt to adopt a more just basis can hardly be said to have been made.

The period of 1844 to 1873 is one of development in the history of the subvention to common schools. The maintenance of schools becomes one of the statutory duties of the localities. The provision of revenues was settled, at least temporarily, by inducing the localities to provide more abundant revenues. And the augmentation of local support came about through the growth of interest in the schools and not because the state held out inducements in the form of larger subventions. While the question of ways and means was being settled, the state subvention was used to spur on the laggard districts to compel them to keep the schools open for a minimum term, and to conform somewhat to the standards set up by the state. Finally, during this period, the state slowly increased the power of its officers to inspect the services subsidized and to compel the faithful application of the subvention to the the purpose for which it was intended. But one of the most important problems, that of devising a suitable and efficient basis for the distribution of the subvention, was left unsettled.

[52] For a good summary of the objections to distribution according to taxables, and some concrete examples of how that system worked, see Supt. of Common School *Report* (1865), pp. 23 ff.

Subventions to Normal Schools

One of the principal difficulties encountered during the early years of the common schools was the dearth of good teachers. Even before the establishment of the state system, in 1834, the need of some agency for training teachers for the elementary schools was well recognized, and attempts were made, both by public authorities and by private persons, to supply the want.[53] One of the avowed purposes for establishing academies was the training of teachers.[54] It was the expectation that the many colleges and academies chartered between 1786 and 1838 would assist in training teachers that led the legislature to contribute to their support. Thus, for instance, the grant of $500 annually for five years to Washington College, in 1831, was made on the condition that the college should admit, gratis, each year, twenty students who should be trained as teachers in the elementary schools.[55] Other colleges and academies that received aid on condition that they should provide for the training of teachers were, Jefferson College, in 1832,[56] Reading Academy, in 1832,[57] Pennsylvania College of Gettysburg, in 1832,[58] and Marshall College in 1837.[59] It is noticeable, however, that the act of 1838, which established a subvention for ten years for the benefit of all colleges, academies, and female seminaries that were able to meet the requirements of the law, did not make the training of teachers one of the conditions for obtaining state aid.[60] From the abandonment of the subvention to colleges and academies, in 1844, until 1857, the state did nothing directly to aid in the development of normal training schools.

But although no definite action was taken by the legislature toward the establishment of such schools, public officers continued to deplore the lack of good teachers, and to ask state aid to provide the necessary facilities for training them. In 1838, State Superintendent Burrowes presented to the legislature an elaborate argument for free state normal schools.[61] The matter was discussed by many of the state superintendents from 1838 to 1857, and, in 1853 and in 1854, bills providing for

[53] See Wickersham, pp. 612 ff.
[54] *Idem*, pp. 606-607.
[55] Act 4 April, 1831, *P.L.* p. 454.
[56] Act 20 Feb., 1832, *P.L.* p. 82.
[57] Act 5 May, 1832, *P.L.* p. 509.
[58] Act 7 April, 1832, *P.L.* p. 369.
[59] Act 29 March, 1837, *P.L.* p. 96.
[60] See Act 12 April, 1838, *P.L.* pp. 333-334.
[61] *Journal of the House of Representatives* (1837-38), II, pp. 570 ff.

training schools were introduced into the legislature. But, for one reason or another, they failed to become laws.[62]

The legislature, however, finally acceded to the demands of the educators and of the public, and, in 1857, passed an act "to provide for due training of teachers for the common schools of the state."[63] But this act did not create the free state schools for which Burrowes had asked nearly twenty years before. The essential features of the law were as follows: (1) The state was divided into twelve districts, each to contain a single state normal school; (2) the schools were to be established and maintained by private companies; (3) the mechanical equipment, teaching staff, and, in part, the curriculum and methods of instruction were to be such as would receive the approval of the state superintendent; (4) the normal school in each district, after it had been inspected and approved by the state superintendent, was to be officially designated and published as a "state" normal school; (5) the schools were authorized to grant certificates of competence to students who successfully completed the course; (6) each common school district within any normal school district was permitted to send, at its own expense, annually to the normal school one student who should remain until he had completed the course, but the maximum charge for each such student was limited to $20 per annum;[64] (7) the state promised no direct financial aid to such institutions as should be established, it being supposed, writes Wickersham, that the prestige arising from their connection with the state system of common schools and their power to issue certificates would be sufficient reward for living up to the conditions imposed.[65]

It was, however, more than two years after the passage of the act when the first normal school was recognized by the state. This was the Millersville Normal School in Lancaster County, which had previously been conducted as a private teachers' training school.[66] The second school to receive state approval was the Edinboro Normal School in Erie County, which was recognized in 1861.[67] A period of four years

[62] See Wickersham, pp. 617-618.

[63] Act 20 May, 1857, *P.L.* pp. 581-587.

[64] It was required that these students should give evidence of intention to enter the teaching profession. This section of the law was, as might have been expected, practically futile. By 1865 the district authorities had sent but three pupils to the normal schools. The state superintendent expressed the opinion that "It is not probable that any more will ever thus be sent." *Report* (1865), p. 26.

[65] P. 621.

[66] Millersville was recognized in December, 1859. Wickersham, p. 624.

[67] *Idem*, 626.

had thus elapsed and only two schools had been recognized. There can be no doubt that the establishment of the normal schools was slower than had been anticipated, and the advocates of better training for teachers soon began to revive the proposal of a subvention for their assistance.

The question may be asked why the state did not establish these training schools and maintain them under its own administration. Such a policy had been advocated by the state superintendent in 1854, but the legislature refused to accept it.[68] It was argued that while public normal schools had been successfully established in other states they were not suited to Pennsylvania. The principal objections to state administration were: (1) The state could not afford to establish a sufficient number of schools; (2) the instructors would be less diligent and devoted to their duties than if the institutions were pr vately owned; (3) politics might enter; and (4) less attention would be given "the important subject of Christian morality than is due to it . . . " The advantages to be gained by state administration were, it was asserted: (1) The uniformity which such administration would insure; (2) greater ability of the faculty in such institutions; and (3) the non-sectarian character of the state schools. But the superintendent believed that the advantages of the state school might be combined with those of the private school,[69] and the law of 1857 was the product of this combination. Probably the strongest reason for the abandonment of the plan for state schools, which had been advocated in 1853 and 1854, was the unwillingness of the state legislature to provide adequate funds.

It was soon evident, however, that the plan of 1857 would not be carried out quickly enough, since by 1861 only two schools had been opened and ten districts were as yet unprovided for. In 1860 the legislature began to aid the one existing school in a small way.[70] In the following year the legislature made an unconditional gift of $5,000 to each of the two schools then recognized.[71] The amount of this appropriation was deducted from the annual subvention to common schools,[72]

[68] Supt. of Common Schools, *Report* (1857), p. 19.

[69] Supt. of Common Schools, *Report* (1856), pp. 16-20.

[70] Act 3 April, 1860, *P.L.* pp. 638-639. The state merely assumed the expenses of publishing the recognition of the institution as a normal school, and the cost of diplomas and certain other incidental items of a similar character. The total amount of these expenditures was limited to $500.

[71] Act 18 April, 1861, *P.L.* p. 399.

[72] *Ibid.*

probably because the normal schools were regarded as an adjunct to the common school system.

The Millersville Normal School was owned by a private corporation whose stockholders, it may be assumed, had invested their money partly for the purpose of earning dividends. The Edinboro school, on the other hand, had been established through the liberality of people within the district and was in no sense a money-making venture. These facts caused the state superintendent to suggest that the stockholders of the Millersville institution should be required to cancel stock equal to the amount of any subsidies received from the state.[73] In making this proposal the superintendent was clearly in the right. The state obviously should not make appropriations to increase the capital assets of private corporations, unless it retains at least a reversionary right to these assets.

In 1862 the legislature passed the Millersville institution by but gave the Edinboro school $5,000, requiring certain guarantees for the public use of the funds appropriated.[74] The suggestion of the state superintendent that care should be taken to prevent the stockholders from profiting by the state appropriations had thus apparently been favorably received. In 1863 appropriations were made to the Millersville and the Mansfield[75] institutions subject to limitations imposed for the purpose of guarding the state's financial interests. Both schools were required not to alienate any of their property, or to use it for other than educational purposes without first repaying the amount of any subsidies received from the state; both were required to reduce capital stock by the amount of the subsidy granted; both were prohibited from paying more than six per cent on the reduced capitalization.[76] In 1864, and again in 1865, the state made appropriations to these two schools with the same conditions attached.

In 1866, however, a new policy was adopted. Each of the schools recognized by 1865 had been paid, or promised a subsidy of $15,000. This money was to be used to pay debts or to erect buildings. But these gifts had not reduced the tuition charged students,[77] and, since the districts had failed to avail themselves of the opportunity of educating teachers at the minimum charge, the state had actually accomplished

[73] Supt. of Common Schools, *Report* (1861), p. 29.
[74] Act 11 April, 1862, *P.L.* p. 461.
[75] This school had only recently been recognized.
[76] Sec. 29, Act 14 April, 1863, *P.L.* p. 365.
[77] Supt. of Common Schools, *Report* (1865), pp. 24-25.

little to encourage teachers to secure the normal training. The state superintendent pointed out that the purpose of the appropriations should be the reduction of the cost of securing this training. Following his advice, the legislature, in 1866, provided that the appropriations should be used for the benefit of prospective teachers. The subvention of that year was distributed in the following manner: Each school was allowed fifty cents a week for each registered student over seventeen years of age who should sign a declaration of his intention to teach in the common schools. If the student had been disabled in the military service of the United States, or of Pennsylvania, or if his father had lost his life in the military service of either nation or state, the amount of the weekly payment was increased to one dollar. Finally, any student who, having graduated from any of the recognized normal schools during the year 1866-67 should sign an agreement to teach two years in the common schools was entitled to receive fifty dollars. The amount of the weekly allowance was paid directly to the school, which was required to deduct it from the tuition and fees payable by the student.[78] To prevent fraud or misapplication of the subvention each school was required to make detailed reports to the state superintendent before any payment could be made from the state treasury.[79] The amount of money appropriated to meet the above subvention was $10,000, and if any part remained after satisfying all claimants, such remainder was to be divided equally among the schools for the purchase of books and equipment.[80]

It is needless to observe that this was a very complex subvention. It was at once a subvention to a private corporation, an aid to teachers and students, and a military pension. The grant to students of fifty cents a week and $50 on completion of the course was more than sufficient to pay their tuition, so that we may say that the purpose of the state was to provide free tuition for prospective teachers.[81]

During the years 1867 to 1869, inclusive, the general policy developed between 1860 and 1866 held sway. Each normal school received within three to five years after organization, $15,000 for the reduction of its debt. The conditions upon which the payment was made remained as in the law of 1866. As soon as schools were recognized the state provided assistance for such of their students as declared their intention

[78] Sec. 16, Act 11 April, 1866, *P.L.* pp. 73-74.
[79] *Ibid.*
[80] *Ibid.*
[81] Supt. of Common Schools, *Report* (1866), p. xix.

of becoming teachers. In 1867 the colored race was provided for by an appropriation to the normal department of Lincoln University.[82] In Philadelphia, which had developed its school system almost independently of the rest of the state, a Teachers' Institute received recognition to the extent of $3,000 annually. In 1872 unconditional grants of $10,000 were made to each of three schools that had already received $15,000. The unfairness of singling out these three schools for especially liberal treatment was pointed out by the state superintendent,[83] but nothing was done by the legislature to remove the discrimination.

During the years 1869 to 1873 the General Assembly abandoned the sound policy previously adopted. Before that time care had been taken not to aid any school that did not have a sufficient capital or endowment to insure its successful establishment. But in 1869 the sum of $15,000 was given to the California Normal School in Washington County (10th. district) before the buildings were completed and before the institution had been approved by the superintendent.[84] The policy of waiting until the school should receive the recommendation having once been abandoned, other grants of a similar nature followed.[85]

The grant to the Bloomsburg school shows the new practice of the legislature at its worse. The company had been granted $15,000 without taking the trouble to ascertain whether it could obtain sufficient additional funds to equip and to maintain a school. In 1872 the members of the General Assembly were approached for an additional $10,000 to save the institution from bankruptcy. This was granted on the supposition that the school would thereby be placed on a sound basis. But in 1873 the trustees came back with the astonishing assertion that, if the state did not come to their rescue, the property would probably be sold at sheriff's sale to satisfy a private debt. The legislature was urged to save the school for the benefit of the youth of the state and to prevent the loss of the $25,000 previously given.[86] It was brought out in debate in the legislature that in some instances, owing to loosely worded laws,

[82] Act 11 April, 1867, *P.L.* p. 9.

[83] *Report* (1872), p. xix. The superintendent asserted that the most deserving schools, the older ones that had been of most assistance in training teachers, had been discriminated against.

[84] Act 10 April, 1869 *P.L.* pp. 829-830.

[85] Supt. of Common Schools, *Report* (1873), p. xix.

[86] See the statement of Mr. Harry White in the Senate 21 March, 1873, *Legislative Journal*, p. 805, col. 1; also that of Mr. Butler B. Strong in the same body, *idem*, p. 805, col. 2.

the state had not taken a lien on the property of the schools subsidized to secure the repayment of the grant,[87] and was therefore without recourse if the school were sold on a judgment for debt.

The method by which these careless grants were engineered was very simple. Two forces were at work. "We all have pressing constituents here," said one senator, "trying to seduce senators into the support of the particular policy that will lift their school out of the mire."[88] The lobby of interested constituents had indeed enticed the representatives of the people, sworn to do their duty, from the straight and narrow path. It is not clear, however, how the voters in one normal school district could hypnotize a majority of the entire legislature. But even this was easy when once the right method was hit upon. When the question was asked why the officers of the other normal schools acquiesced in the appropriation of $10,000 additional to the favored three, the explanation was at once forthcoming. All the other schools supported the grant to these three on the condition that in the next session they should receive the same amount.[89] In a word, the ill-advised and uncontrolled grants were obtained by log-rolling, just as the grants to academies had been obtained a half-century earlier. That such should have been the case whenever the state undertook to aid privately owned institutions seems to have been inevitable in the history of Pennsylvania. Today the grants to private charitable institutions are obtained in the same manner.

The revelations concerning the Bloomsburg school caused the passage of more stringent regulations for the management of the schools and the adoption of a different method of making the appropriation for their assistance. In 1873 the sum of $50,000 was appropriated for the benefit of the normal school companies, but no distribution of this amount was made by the General Assembly. The Governor, the Superintendent of Common Schools, and the Attorney General were named as a board to distribute the appropiration, "on such terms and conditions as they may [might] determine, looking to the interest of the state as well as the welfare of the school. . . ."[90] The act also provided that a certain number of members of the boards of trustees should be appointed

[87] *Legislative Journal*, p. 805, col. 2.

[88] Mr. Harry White, *idem*, p. 805, col. 1.

[89] See statements of Mr. W. B. Waddell and Mr. Depuy Davis, in the Senate, 21 March, 1873, *Legislative Journal*, p. 806, col. 1, and of Mr. Harry White, *idem*, col. 2.

[90] Act 9 April, 1873, *P.L.* pp. 9-10.

by the state superintendent, the number being in proportion to the state's contributions to each school. Thus, if the state had appropriated $15,000 while private persons had contributed $30,000 to the building of a school, the state would be entitled to five out of the fifteen trustees.[91] The legislature made at least one exception to this rule.[92] The purpose of this plan, was not, of course, absolutely to control the boards of trustees.[93] The stockholders still elected a majority of the members of these boards, but it would have been possible, had the right men been appointed, to hold the other members somewhat in check, and what was still more important, the power to appoint a minority of the boards gave the superintendent the opportunity to obtain intimate information as to the conduct of the schools.

It is impossible to discover from the reports of state officers what was the proportion of the total cost of buildings and equipment contributed by the state at this time. So too, the figures that should show the proportion of the annual revenues received from the state are either entirely lacking, in certain years, or are so inaccurate as to be useless. The total annual contributions of the state to the support of these schools are shown in Table II in the Appendix.

In conclusion, it should be pointed out that in some respects the subvention to normal schools was successful, while in others it was not. In the first place, the intention implied in the law of 1857, of not contributing to the support of these schools, was not maintained. The policy of making grants to the school companies, which was begun in 1860, was supplemented, about the close of the Civil War, by assistance to prospective teachers and additional assistance to disabled soldiers who desired to enter the teaching profession. After 1864 the policy became more liberal and the method of appropriation more lax, until in the years 1869 to 1872, grants were made to schools that not only were not in existence, but could not command the support of the people of the communities in which they were to be located.

But the policy was successful in that it called into existence, within a relatively short period of time, eight training schools for teachers, counting Lincoln University, whose curricula and methods were subject to state supervision, though probably of a very mild sort in practice.

[91] Act 9 April, 1873, *P. L.* pp. 9-10.

[92] The board of trustees of the Mansfield Normal School was reduced, in 1873, to nine in number, of which three were to be named by the state superintendent. Act 10 April, 1873, *P.L.* pp. 711-712.

[93] See Act 15 April, 1872, *P.L.* pp. 16-17.

The total subvention for all purposes amounted, for the period 1860-1873 to $325,222.[94] It is scarcely possible that the state could have established and maintained eight schools for that amount, if it had undertaken to administer them directly.

As has been pointed out, the subvention was very complex. In some cases it was conditional, in others unconditional. The financial accountability of the trustees was very slight. On the other hand, the power of the state superintendent to supervise the methods of instruction and other details of the conduct of the schools was very great. How effectively this power was exercised cannot be determined. Much must have depended upon the man who occupied the office of state superintendent. Two desirable restrictions were placed upon the grant for the assistance of teachers. It was provided that all students drawing an allowance from the state should receive instruction in the science and the art of teaching for the whole term for which the allowance was drawn. It was also required that the examination of graduates should be conducted by a board of professional educators, appointed by the state superintendent, only one of whom might be connected with the school whose students were being examined.[95] The state superintendent was clearly given the power by the latter provision to set, in a large measure, the standards of proficiency for the graduates of the various schools. Here again it is impossible to ascertain the quality of the control actually exercised.

Subventions to Other Educational Institutions

Subventions to privately owned educational institutions, other than normal schools, were neither numerous nor important during this period. Several grants of large amounts were, it is true, made to medical colleges, and to the medical department of the University of Pennsylvania, but since these grants were always for founding, equipping, or maintaining hospitals that rendered free treatment to the indigent sick, they are properly classed with subventions to charities. There were, however, several educational grants that deserve brief description.

The office of county superintendent, which was created in 1854, was established in the face of considerable opposition from local boards of directors and from the taxpayers in general. The authors of the law, therefore, sought to allay this opposition by providing that the county

[94] Supt. of Common Schools, *Report* (1873), p. lviii, $68,800 more was due from the state but unpaid.

[95] Act 27 May, 1871, *P.L.* pp. 212-213.

superintendents should be elected by conventions of the local school boards, but paid by the state. The conventions also fixed the salaries of the superintendents.[96] The salaries of these officers were, however, included in the appropriation to common schools. Philadelphia, having no county superintendent, received the amount which would have fallen to the county had no deduction been made for the salaries of the superintendents.[97]

The principal duties of the county superintendent were to examine and to pass upon the competence of teachers, to receive, to inspect, and to transmit to the state superintendent the reports of the boards of directors upon which the share of the district in the subvention to common schools depended, and to supervise the work of teachers. It was necessary, therefore, that the state superintendent should have the authority to control or discipline his representative in each county, and the law provided that the state officer might remove the county superintendent for neglect of duty, incompetency or immorality, and appoint another in his stead until the next triennial convention of directors.[98] The state accomplished two purposes by means of the payment of the salary of the local superintendent. It succeeded in getting the new office into the school system with a minimum of local opposition and placed it in such a relation of dependence upon the state treasury that no objection could reasonably be made to the power of removal vested in the state superintendent.

A small and by no means significant subvention was found in an act of 1855, which provided that the state superintendent should supply each board of directors with the Pennsylvania School Journal.[99]

A more important subvention, especially in its later development, was the grant made at intervals to the Farmer's High School.[100] This institution, whose board of trustees was incorporated in 1855,[101] at once requested aid from the state treasury and for a time was successful in obtaining it.

From the first the state was represented on the board of directors of the Farmer's High School. The board was composed of the Governor

[96] Act 8 May, 1854, *P.L.* pp. 625-627.

[97] *Idem*, p. 629.

[98] *Idem*, p. 628.

[99] Act 8 May, 1855, *P.L.* p. 511.

[100] Afterwards called the State Agricultural College of Pennsylvania.

[101] The first act of incorporation was that of 15 April, 1854, *P.L.*, pp. 342 ff. But the act of the following year under which the school was organized, repealed that of 1854. See Act 22 Feb., 1855, *P.L.* pp. 46 ff.

and the Secretary of the Commonwealth, the president of the Pennsylvania State Agricultural Society, the president of the school, and nine other members elected indirectly by the state and county agricultural societies.[102] Because of the importance of the interests that it served, because it was in no sense a local institution, and because of the representation of the state on its board of trustees, this was an institution that the state should have aided very liberally. But it received very little assistance for many years. In 1857, $25,000 was appropriated for the erection of a building and $25,000 more was promised if an equal amount should be raised by the contributions of individuals.[103] Three conditions were attached to this grant. The school was required, if at any time the number of students seeking admission exceeded its capacity, to admit applicants from the several counties in proportion to the number of taxable inhabitants within each. It was also required to make a chemical analysis of soils and fertilizers, gratis, for any citizen who asked it. Periodical reports to the newspapers in each county of the results of all experiments performed at the school was another condition.[104] No one could call these conditions onerous.

In 1861 the friends of the school made another appeal for state aid. The building, which had been begun with the money previously appropriated, had not been completed because of lack of funds. It was pointed out to the legislature that in its unfinished condition the building was subject to rapid deterioration and a further appropriation was asked to prevent the wasting of the earlier one, and to put the school in working order. The legislature granted $49,900 on condition that before any part of the appropriation was paid, a contract with a reputable builder to finish the work for the amount of the grant should be placed in the hands of the auditor general.[105] In only one respect was this grant inadequate: The state did not provide for inspection of the building before the entire amount of the grant was paid.

Judged by the criteria of public finance, the subvention to the Farmer's High school was the best that was made during this period. The service aided was of state-wide importance; it was one from which benefits were derived by only one class of citizens, it is true, but they were distributed in every part of the Commonwealth and represented the most important industrial interest of the state. In the second place,

[102] Act 22 Feb. 1855, *P.L.* pp. 46-47.
[103] Act 20 May, 1857, *P.L.* pp. 617-618.
[104] *Ibid.*
[105] Act 18 April, 1861, *P.L.* pp. 392-393.

the state did not bestow its aid lavishly and it required assurances that the money appropriated would be used for the purpose for which it was granted. Finally, the state placed two of its own officers on the board of trustees.

It may properly be objected that in the long run it would have been better had the college been established by and entirely controlled by the state. Under present-day conditions scarcely any one would question the advisability of state control. But at the time the college was begun the practical value of technical education in agriculture had not been demonstrated, and it was probably impossible to secure sufficient support from the legislature to maintain the school. Since state ownership and operation was practically impossible at that time, because the people of the state failed to appreciate the importance of agricultural education, the plan of state assistance to a semi-public institution was as good as any that could have been devised. The total amount of the state's payments from the establishment of the school until 1873 is shown in Table II in the Appendix.

Several other small grants to educational institutions made their appearance during this period. In 1862 the legislature appropriated $2,000 unconditionally for the benefit of the Philadelphia School of Design for Women to be paid out of Philadelphia's quota in the common school subvention.[106] In 1864 the amount of the grant was increased to $5,000.[107] But it was now provided that the citizens of Philadelphia should contribute $10,000 for the alteration and extension of the buildings of the institution. The trustees of the school were required to expend one-fifth of the state grant in procuring, from European schools of science and art, standard examples of architecture and ornament as applied to manufactures, copies of which were to be distributed to the manufacturing centers of the state.[108] At this time the state appropriation was made payable directly from the treasury and not from Philadelphia's share in the state grant to common schools. In 1865 a school of design for women at Pittsburg also received a grant from the state.[109] In 1868 a school of design appeared at Wilkes-Barre and received

[106] Act 11 April, 1862, *P.L.* p. 461.

[107] Act 5 May, 1864, *P.L.* p. 225.

[108] *Idem*, p. 256.

[109] See Table II Appendix. For a short history of these two schools see Wickersham, pp. 439-440.

$1,000.[110] From 1869 to 1873 no appropriations were made to these institutions.

The grants to these three schools are in no way peculiar, or different from those made at this time to other private institutions for charity and for education. It should be noted, however, that at the time the legislature was proclaiming the inability of the state to contribute more liberally to the support of the common schools and to provide normal schools, from $2,000 to $5,000 annually could be found for institutions that were yet hardly more than doubtful experiments.

Another educational subvention during this period was a grant of $5,000 to the Polytechnic College of Pennsylvania, in 1867, for the purpose of establishing five free scholarships.[111] A general subvention to colleges and academies did not develop, but the advisability of reviving the policy embodied in the act of 1838 seems to have been under consideration. In his annual message in 1861 Governor Packer disposes of the matter by saying, "The present is not the proper time to renew grants to institutions of these classes which heretofore have received state aid. If it were, the public authorities do not possess the requisite data for a safe and just extension of liberality."[112]

Subventions to Private Charitable Institutions

During the years 1844 to 1859 subventions to private charitable institutions increased very slowly. The financial difficulties of the state, due to the failure of the state works, tended to prevent the development of new subventions and restricted the increase of those already in existence. But the period immediately following the Civil War witnessed an unprecedented extension of the subventions to all sorts of charitable relief.[113]

Three types of charitable relief not previously assisted began to receive aid during the decade preceding the Civil War. In 1852 the state began to subsidize the Western Pennsylvania Hospital, which was located at Pittsburgh.[114] The grant was made for the assistance of an asylum for the insane, which was conducted as a department of

[110] Act 11 April, 1868, *P.L.* p. 28.

[111] Act 11 April, 1867, *P.L.* p. 18.

[112] Annual Message, 1861, *Pennsylvania Archives*, IV Ser. VIII, p. 280.

[113] As has been pointed out in Chapter IV, but three institutions were recognized, in 1844, as having a claim for an annual subvention. These were the House of Refuge, the Pennsylvania Institution for the Deaf and Dumb and the Pennsylvania Institution for the Blind, all located at Philadelphia.

[114] Act 4 May, 1852, *P.L.* p. 553.

the hospital. It was not at first a permanent annual payment and a period of five years elapsed before a second appropriation was made; but, after 1857, the hospital received aid annually.

It is not quite clear why the state should have begun a subvention for the benefit of an asylum for the insane. A state hospital for that purpose was already in operation at Harrisburg. It was asserted that an asylum should be located in the western part of the state, partly for convenience and partly because the Harrisburg institution could not accommodate all the insane who might have been committed to a public asylum. But there seems to have been no good reason why another state institution should not have been established at Pittsburgh, unless the General Assembly believed that it was temporarily cheaper to assist a private concern.

The fact that the state contributed to the support of the hospital did not obligate the managers to receive patients free of charge. At that time the state hospital did not, in theory at least, provide free treatment. The estate of any insane person, or his relatives liable according to the poor law for his support, were chargeable with the cost of food, clothing, and care. The state provided the building and equipment and medical treatment. If the person committed was a pauper, the county of which he was a legal resident was responsible for the cost of his maintenance. In making the grant to the Pittsburgh institution the legislature required it to admit patients on the same basis as the state hospital at Harrisburg. There was, of course, only the roughest sort of approximation between the amount of the grant and a fair remuneration for the service rendered.

This subvention to Dixmont, as the department for the insane was afterwards called, was one of the most significant that the state ever introduced. It initiated a policy which has had highly unfavorable effects upon the entire system of state charitable and correctional institutions. When it became the settled practice of the legislature to appropriate large amounts to privately managed concerns, there was an ever-present danger that the state institutions would be neglected in order to deal liberally with those under the control of individuals. The full effects of this policy become evident especially after 1873.[115]

In 1853 an institution that provided care and training for another class of defectives gained assistance from the state. The act that incorporated the Pennsylvania Training School for Idiotic and Feeble-

[115] See Chapter IX, *infra*.

Minded Children also provided for a state contribution of $20,000 toward the cost of building and grounds, if an equal sum should be raised for that purpose by private subscription.[116] This was a lump-sum grant modeled after those made in earlier years to the institutions for the training of the blind and of the deaf mutes. Following the precedent set in the case of those two institutions, the act of 1853 also provided that the state should pay $200 annually, per child, for not more than twenty inmates of the institution for the feeble minded.[117] These children were to be apportioned to the various counties in proportion to their representation in the lower house of the General Assembly. It was required that they should be indigents, and the period of their training at state expense was limited to five years.[118]

During the next six years the state contributed liberally to the cost of buildings. Of course, it was usually provided that such contributions should be dependent upon the subscription of certain sums by private persons. But the fact that the institution returned again and again asking aid for the completion of the buildings originally planned raises a strong presumption that the private subscriptions were not always paid in full.[119] The state took no lien upon the property nor any other security for its investment, and aside from the practically futile requirement that the corporation should make an annual report to the legislature, no control or audit of accounts seem to have been required.

A third type of service to receive state aid before 1860 was the relief of orphaned or friendless children. In 1857 the Orphan Asylum of Lancaster received an unconditional grant of $1,000 annually for four years,[120] and in 1858 an orphanage at Pittsburgh received a similar grant.[121] Both institutions had received an appropriation at an earlier date and these grants were ostensibly made to fulfil an old obligation. In the same year, however, an unconditional grant was made to an orphange that had no such claim upon the bounty of the state,[122] and in the following year still another was added.[123]

[116] Act 17 April, 1853, *P.L.* p. 342.

[117] *Ibid.*

[118] Act 17 April, 1853, *P.L.* p. 342.

[119] See acts making appropriations for buildings, 18 May, 1857, *P.L.* p. 569; 21 April, 1858, *P.L.* p. 381; 12 April, 1859, *P.L.* p. 551.

[120] Act 21 April, 1857, *P.L.* p. 274.

[121] Act 19 April, 1858, *P.L.* p. 343.

[122] This grant was made to the Northern Home for Friendless Children. Although it was primarily an orphanage, the courts were authorized to commit to its care vagrant children who were likely to become criminals. Act 21 April, 1858, *P.L.* p. 382.

[123] Act 12 April, 1859, *P.L.* p. 552.

In 1859 a fourth type of service received aid. In that year the legislature made an appropriation of $5,000 to the Penn Asylum for Widows and Indigent Single Women.[124] This was a distinctly new departure. The blind, the deaf mutes, the insane, and neglected children had long been recognized as deserving aid by the state. Furthermore, in the case of the first three classes, remedial treatment could be most effectually administered in specialized institutions. Hence there was good ground for state assistance. But the Penn Asylum was purely a local charity, operating in Philadelphia, and the service that it performed was practically that of general poor relief. There was no more reason, as far as can now be discovered, for subsidizing it than there would have been for assisting all the other public and private agencies then engaged in poor relief. In other respects also the grant was an unusual one. No subscription from individuals was required and no obligation was imposed as to the number of charity inmates that should be received. Neither control nor audit by state officers was provided for.

The institutions for the blind and the deaf mutes and the House of Refuge at Philadelphia continued to receive increasing appropriations throughout this period. In 1850 a house of refuge, similar in purpose to the older institution at Philadelphia, was established at Pittsburgh.[125] The state gave $20,000 for buildings with the usual stipulation that an equal amount should be contributed by private subscription.[126] But as was also usual, this amount proved insufficient to complete the buildings and the institution came back, in 1854, with a request for further assistance from the legislature. An additional grant of $20,000 was made with the requirement that individuals should subscribe the same amount.[127] It is impossible to ascertain whether the private subscriptions were not collected, or whether the cost of the buildings had been underestimated, or whether the officers asked less in the first place than they knew would be required to complete their plant. The fact that it was an almost certain method of obtaining additional funds from the legislature to urge that an earlier appropriation would be wasted unless

[124] Act 12 April, 1859, *P.L.* p. 552.

[125] Act 22 April, 1850, *P.L.* pp. 539-542. The title of this Act reads: "*An Act*, To secure the Cities of Pittsburg and Allegheny and the neighborhood thereof from damage by gunpowder, to incorporate an association for the establishment of a house of refuge for western Pennsylvania; and relative to the Pennsylvania State Lunatic Hospital."

[126] *Ibid.*

[127] Act 16 March, 1854, *P.L.* p. 173.

more money should be supplied, justifies the conjecture that the officers of such institutions did not always represent the cost of the buildings correctly. It is also possible that after the subvention was secured the plans were altered. To prevent the recurrence of such situations the legislature, in 1861, required the officers of the Farmer's High School to exhibit a contract which bound a reputable builder to complete the building for the estimated sum before the subvention should be paid.[128] Whatever the cause, the fact remains that in far too many cases the state was practically forced to make additional appropriations for permanent improvements by the plea that half-built plants were useless and in their unfinished state were being destroyed by the elements. The failure of the legislature to require all institutions that asked assistance in building to show definitely that the work contemplated could be finished for the estimated cost, thus resulted in wasteful methods. In many cases, it also resulted in larger appropriations than might otherwise have seemed advisable to the majority of the General Assembly.

The progress of the subventions for charity from 1844 to 1859 is shown in the following table.

SUBVENTIONS FOR CHARITY, 1844 TO 1859, INCLUSIVE[1]

Year Ending Nov. 30	Total	Indigent Defectives				Neglected Children		Indigent Adults	Miscellaneous
		The Blind	Deaf-mutes	Feeble-minded Children	The Insane	Orphans	Incorrigible Children		
1844	$27,357	$12,357	$11,000	.....	.....	.....	$ 4,000	.....	.....
1845	18,643	3,643	11,000	.....	.....	.....	4,000	.....	.....
1846	19,493	4,493	11,000	.....	.....	.....	4,000	.....	.....
1847	32,000	18,000	10,000	.....	.....	.....	4,000	.....	.....
1848	26,000	9,000	13,000	.....	.....	.....	4,000	.....	.....
1849	24,000	9,000	11,000	.....	.....	.....	4,000	.....	.....
1850	38,268	24,000	8,268	.....	.....	.....	6,000	.....	.....
1851	36,152	10,500	19,652	.....	.....	.....	6,000	.....	.....
1852	51,653	12,000	14,653	.....	$10,000	.....	15,000	.....	.....
1853	47,514	12,000	14,514	.....	.....	.....	21,000	.....	.....
1854	49,762	12,000	14,750	$ 1,012	.....	.....	22,000	.....	.....
1855	85,882	14,500	16,626	21,756	.....	.....	33,000	.....	.....
1856	83,268	17,000	16,277	1,991	.....	.....	45,000	.....	$3,000
1857	102,683	19,500	18,945	3,738	5,000	$ 500	55,000	.....	.....
1858	146,408	22,000	19,908	34,000	7,000	6,500	57,000	.....	.....
1859	139,702	22,000	9,702	26,500	30,000	8,000	38,500	$5,000	.....

[1] From *Reports* of the Auditors General, 1844 to 1859.

[128] See pp. 111-113, *supra*.

During the sixteen years ending November 30, 1859 the total of all subventions to charitable institutions increased from $27,357 to $139,702, or more than 410 per cent. During approximately the same period (1846-1860), the revenue of the state increased from $2,115,000 to $3,378,000, or about 59 per cent, and the total of all state expenditures decreased from $3,225,000 to $2,962,000, or about 8 per cent.[129] Slight as was the development of subventions to charitable institutions, as measured in dollars, its increase was proportionately more rapid than that of the total of all payments from the state treasury, maintenance of the state works excluded. Moreover, it should be remembered that during this period the payments to common schools, as shown by the reports of the Auditors General, declined until 1855. From 1846, when appropriations had already been reduced to relieve the pressure on the state treasury, to 1859, the increase in the common school subvention amounted to only $47,452.[130]

There is no completely satisfactory explanation why charitable institutions were treated more liberally than were the common schools. As has been pointed out in the second section of this chapter, the people seem to have lost interest in the school system during the years 1844 to 1850. The charitable institutions were, on the other hand, always represented before the legislature by their officers and friends. It would be easy to assert that the subvention to charitable institutions afforded greater opportunity for manipulation to the advantage of unscrupulous politicians than did the grant in aid of common schools. But in the light of the revelations of corrupt practice in the conduct of common schools, such an assertion would be difficult to prove.[131]

The outbreak of the Civil War, in 1861, did not immediately occasion any increase in the subventions for charity. In fact, the annual payments to the two houses of refuge were actually less during the four years, 1860 to 1863 inclusive, than during the four years immediately preceding. The two schools for the education of defective children received no important increases during the early years of the war.

After 1865, however, all the older institutions received much larger grants, and the subventions to orphanages, hospitals, and the asylum for the insane at Dixmont grew at an astounding rate. In 1865 also, the state began to care for the orphans of the soldiers of the Civil War.

[129] *Reports* of Auditors General for years 1846 to 1860.

[130] See Table II, Appendix.

[131] See pp. 94 ff. *supra*.

The growth of the old subventions and the development of the new resulted in an increase of the total subventions paid to charitable institutions from $153,827, in 1860, to $804,280, in 1873, or a gain of 423 per cent. The total expenditures of the state increased between the years 1861 and 1873 from $5,842,000 to $6,734,000, or a gain of 15 per cent. But the large military expenditures of the year 1861 bias these figures somewhat. If the war expenditures are eliminated from the total in each case, we find that the increase was from $3,483,000, in 1861, to $6,648,000, in 1873, or 91 per cent. Whichever set of totals is selected, the subventions to charitable agencies increased much more rapidly than the total of all state expenditures.

Comparison of the subvention to charities with that to educational institutions is also significant. The total of the grants in aid to common schools, to normal schools, for the support of the office of County Superintendent, to the Farmer's High School, and to the Schools of Design was, in 1860, $280,368. In 1873, it was $785,038. The increase was thus about 180 per cent, or much less than the increase in the subvention to charitable institutions. The grant to charities showed the greatest increase proportionately of any subvention during this period, as is shown by Table II in the Appendix.

The item of expenditure chiefly responsible, after 1865, for the growth of the subvention to charitable institutions, is the grant to Soldiers' Orphans' Schools. If we eliminate this grant from our calculations, we find that, from 1860 to 1873, the increase in the subvention to all other charitable institutions was about 120 per cent; and inspection of the table on page 121 shows that appropriations to hospitals for the care of the indigent sick and to the two institutions for the reformation of incorrigible children were chiefly responsible for this increase. The grants to the institutions for the training of the blind and the deaf mutes increased 45 per cent and 108 per cent, respectively, while the appropriations to houses of refuge increased 290 per cent.

The subvention to hospitals for the care of the indigent sick, originating in 1863, was increased steadily until, in 1873, it amounted to $90,000. Grants to institutions that cared for orphans, which amounted to only $4,400 in 1860, reached a maximum in 1865 and thereafter declined. The establishment of the Soldiers' Orphans' Schools provided for the greatest need and, therefore, smaller amounts were granted to other concerns. Of course, many of the institutions that cared for this special class of children were privately owned and privately managed.

SUBVENTIONS FOR CHARITY, 1860 TO 1873, INCLUSIVE[1]

Year Ending Nov. 30	Total	Indigent Defectives				Neglected Children			The Indigent Sick	Adults in Extreme Indigence	All Other
		The Blind	Deaf-mutes	Feeble-minded Children	The Insane	Orphans	Soldiers' Orphans[2]	Incorrigible Children			
1860	$153,827	$23,375	$33,204	$25,248	$42,500	$ 4,500	.....	$25,000	.....	.....	.....
1861	140,490	24,750	23,257	16,483	37,500	7,000	.....	31,500	.....	.....	.....
1862	142,602	24,750	25,014	15,167	35,000	5,500	.....	37,171	.....	.....	.....
1863	137,203	24,750	23,493	14,633	26,550	7,750	.....	35,027	$ 4,500	$ 500	.....
1864	202,520	24,750	26,295	16,000	45,250	21,000	.....	47,050	20,675	1,500	.....
1865	312,980	26,583	39,282	16,000	49,990	21,500	$ 75,000	56,000	19,875	8,750	.....
1866	552,147	45,250	34,889	22,333	72,050	14,500	250,000	91,500	15,125	6,500	.....
1867	621,343	31,166	36,627	20,000	94,491	13,500	359,559	49,750	2,500	13,750	.....
1868	740,066	38,500	34,752	15,000	57,916	5,000	510,898	50,500	17,500	10,000	.....
1869	740,119	33,000	35,008	19,813	100,022	16,875	465,401	54,250	15,000	750	.....
1870	786,260	31,500	35,215	28,585	76,690	14,775	508,245	76,250	15,000	.....	.....
1871	753,737	23,250	39,004	14,850	19,250	18,400	522,608	78,125	37,500	....	$ 750
1872	785,764	73,250	54,150	19,028	31,000	9,750	469,936	71,900	52,500	2,000	2,250
1873	804,280	48,559	48,398	19,950	30,000	2,500	465,348	99,525	90,000	.....	.....

[1] From *Reports* of the Auditor General, 1860 to 1873.

[2] As in noted on page 120 only a part of the payments for the support of soldiers' orphans is properly to be classed as subventions.

[3] These subventions were made to privately owned hospitals.

[4] These subventions were paid to homes for the aged and similar institutions.

The causes for the increase of charitable expenditures may be divided into those which affected all expenditures and those which produced a disproportionate augmentation of appropriations for charity. Among the causes operative to produce a general increase of appropriations were the growth of population, the extension of the sphere of state action, and the fall in the purchasing power of money due to the inflation of the currency by the green backs.[132]

First among the special causes for the increase of expenditures for charity was the Civil War.[133] During the war thousands of men were made invalids by wounds or by the ravages of disease. In so far as these men were unable to maintain themselves they became public charges and the augmentation of the subvention for the indigent sick during the years 1863 to 1865 is largely due to the necessity of caring for them.

The war gave rise to another class of dependents whose maintenance cost the state more than all others combined. These were the orphans of the men who served in the Pennsylvania regiments. At first the state sought to provide for them by making larger appropriations to orphanages, but their numbers were so great, and their claim upon the generosity of the state was so patent that special provision was soon made in their behalf. The earliest provision for this class of dependents was made in 1864 when the governor of the state was authorized to receive and to expend the sum of $50,000, which the Pennsylvania Railroad had given for their care and education.[134] In 1865 the legislature appropriated $75,000 from the public treasury[135] and by 1873 the annual expenditure for this purpose amounted to nearly $500,000.

Only a part of the funds expended for this purpose should be classed as subventions. Unfortunately the accounts are not explicit enough to enable a separation of the amounts directly expended by the state from amounts granted to individuals and to private corporations that cared for the children. Special boarding schools under the control of the state were established and the managers were paid a stipulated amount for each child that was cared for. Grants were also made on

[132] The rise in the cost of living was made an excuse for asking increased appropriations to charitable institutions. See Board of Public Charities, *Report* (1870), p. 129.

[133] This was recognized and commented upon at the time. See the statement of Mr. Harry White, in the Senate, in 1869, *Legislative Record* (1869), p. 1366.

[134] Act 6 May, 1864, *P.L.* p. 869.

[135] Act 23 March, 1865, *P.L.* p. 40.

the same basis to general orphanages that received the children of the soldiers. Lump-sum appropriations also were not uncommonly made to these latter institutions.

During the nine-year period, 1865 to 1873 inclusive, the legislature appropriated $3,882,298 for the support of these children.[136] The rate of increase of the appropriation was much more rapid than that of the number of children supported at state expense. In 1866, when there were 2,681 children in these schools,[137] the state paid $250,000 for their maintenance. In 1873, when the number of children was 3,167,[138] the payment was $465,348. In other words, an increase of 18 per cent in the number of children was accompanied by an increase of 86 per cent in the appropriation paid. Three reasons can be assigned for the disproportionate increase in expenditures for this purpose. First, as the age of the children increased the per capita cost of maintenance became higher; second, as the service developed better accommodations were provided; and, third, as the service expanded, inefficiency, extravagance, and graft also developed.[139]

The second reason for the increase of the subvention to charity during this period was the elaboration of the treatment of defectives, the sick, and incorrigible children. A good example of this elaboration was the development of the house of refuge at Philadelphia during the earlier period. In the years 1860 to 1873 the establishment of a special institution for the treatment and education of feeble-minded children is another example. There was a tendency to differentiate classes among the inmates of the local almshouses. The insane were being sent more frequently to specialized hospitals to receive the benefit of expert medical knowledge and of trained attendants; children who were blind or deaf and dumb were sent to the institutions especially provided for them; and the incorrigible were no longer committed to the local jails, but were placed in one of the two houses of refuge. As long as these special classes remained in the local almshouses or, as was often the case with the blind and the deaf mutes, in the homes of their parents or their

[136] *Exec. Docs.* (1873), Annual Report of the Superintendent of Soldiers' Orphans' Schools, p. 5. This includes subventions and amounts expended directly by the state.

[137] *Exec. Docs.* (1866), Annual Report of the Superintendent of Soldiers' Orphans' Schools, pp. 9-10.

[138] *Exec. Docs.* (1873), Annual Report of the Superintendent of Soldiers' Orpahns' Schools, p. 4.

[139] *Exec. Docs.* (1873), Annual Report of the Superintendent of Soldiers' Orphans' Schools, p. 3.

relatives, the state incurred no financial liability. But as soon as special institutions for their treatment were developed the state was asked to contribute to the revenues of these concerns.

A third cause for the disproportionate increase of the subvention to charitable institutions during this period was the opportunities that they offered for political manipulation. This was especially important in the case of hospitals and orphanages. These institutions could be established on a small scale at many different points within the state, and consequently many charitable and religious organizations began to demand that local representatives in the legislature procure for them a share in the state's bounty.

The large increase of the subventions to charitable institutions, which took place during the years 1860 to 1873, did not, of course, occur without occasioning a great deal of comment and some opposition in the legislature. This opposition gathered sufficient strength in the Senate, in 1863, to result in the appointment of a committee to investigate the conduct of the various institutions that received state aid and to recommend a proper policy of the state toward them.[140] In their report this committee recommended that state grants to local charitable institutions be very much restricted. It was their opinion that general hospitals, orphanages, and homes for the aged should not receive subventions in cases where it could be demonstrated that they were of a purely local character.[141] Local charities, they believed, should be supported by local taxation and not by taxes imposed upon the entire state.[142]

Such were the theoretical conclusions of the committee, but their practical recommendations were surprisingly mild. They advised that no appropriation should be made to an institution that had not previously received state aid, unless a committee of the legislature should investigate it and report favorably.[143] They also recommended that the subvention to the two houses of refuge be discontinued and the cost of their maintenance be made a charge upon the counties from which the children were committed,[144] and that no further grants be made to the Penn Asylum for Widows and Indigent Single Women.[145] It is noticeable that the

[140] Resolution of 6 April, 1863, *Sen. Jour.* (1863), p. 566.

[141] Report of the Committee, *Sen. Jour.* (1864), p. 265.

[142] *Idem*, pp. 261 and 265. This report was made before the state tax on real estate was repealed.

[143] *Idem*, p. 266.

[144] *Idem*, p. 265.

[145] *Idem*, p. 263.

report of the committee deals very gently with the subject of grants to orphanages and general hospitals. As a matter of fact the state had not at that time begun to make annual appropriations to hospitals and the subventions to orphanages were unimportant.[146] The committee was scarcely consistent, however, in classing the institutions for the reformation of delinquent children among the "local" charities.

It seems to have mattered little what the committee recommended, for the legislature, in 1864, 1865, and in 1866, made larger grants to charities than ever before. This was especially true of the subvention to the two houses of refuge, the payments to which amounted to over $91,000 in 1866.[147] But the movement to restrict the subvention for charities to institutions of state-wide interest was not dead. In 1865, Governor Curtin advised the legislature that the practice of making donations to charities was fast running into a great abuse. "Houses of refuge, and insane, blind and deaf asylums, appear to be proper subjects of State bounty, because their objects are of public importance, and to be useful, and well and economically managed, it seems to be necessary that they should be more extensive than would be required for the wants of a particular county. But in our system, ordinary local charities are left to the care of the respective localities, and to give the public money for their support is really to tax the inhabitants of all the counties for the benefit of one."[148] This argument that a subvention to a local charitable institution was an unjust discrimination against those parts of the state that received no such grant was repeated many times during the next ten years. Obviously, it is strongest when the subvention is made to a few localities and when the funds for making it are derived from direct taxation upon the entire state.

The legislature did not, however, respect the Governor's advice any more than they did the recommendations of the Senate committee of 1863. Grants were multiplied and increased in amount the very year that the governor sent his warning message. Nor does it appear that the governor believed sufficiently in the necessity of restricting these grants to cause him to use his veto to discourage the legislature from making them. And in the meantime the amount of the subventions continued to increase rapidly.

The people who favored larger appropriations to charities had sufficient influence at their command to secure increases in the annual

[146] See table on page 121.

[147] See table on page 121.

[148] *Pennsylvania Archives*, IV Ser. VIII, pp. 646-647.

appropriations, but not to prevent discussion and investigation by the legislature. In 1868 another committee of investigation was appointed in the Senate. The report, which they made in 1869, reiterated, in the main, the recommendations of the committee of 1863. In their opinion the state should not contribute to the support of purely local charities. The penitentiaries, the two houses of refuge, the asylums for the insane, the schools for the blind, the deaf mutes and feeble-minded children had valid claims upon the state because of the nature of the services they performed.[149] And because of the peculiar obligation of the state to the veterans of the Civil War, they believed that soldiers' orphans should also be educated and cared for at state expense.[150]

This committee laid down four practical rules for the guidance of the legislature in determining what charitable and correctional institutions should be supported by the state rather than by local governments or private philanthropy:

(I). The state should undertake services that it could perform at less expense than other agencies.[151]

(II). The state should do what it could do better than other agencies. Thus, while it was highly desirable to leave a large amount of charitable relief to the localities, because of the well-known tendency of the state government toward extravagance, certain services could not be economically provided by the smaller governmental agencies. These services were proper objects for state aid.[152]

(III). The state should do what belonged to the state as a whole to do. The duty of the state to care for such classes as indigent defectives, the indigent sick, and orphans, who had no legal residence was obvious.[153]

(IV). The state should do what it had incurred an obligation to do. Thus, the care of soldiers' orphans was an obligation that rested upon the state as a whole, since it was in the service of the state that the fathers of these children had lost their lives.[154]

One of the principal objections to the subventions to charity, as they existed in 1868-69, was the planless, capricious manner in which they were made. Certain institutions had received a single grant; others had been encouraged for a number of years and then summarily cut off.

[149] *Sen. Jour.* (1869), pp. 156-157.
[150] *Ibid.*
[151] *Idem*, p. 155.
[152] *Ibid.*
[153] *Idem*, p. 156.
[154] *Ibid.*

Some institutions had received aid for a period of years, had then been denied appropriations for a time, for no apparent good reason, and had again been reinstated in favor for a third period. Flagrant discrimination existed between institutions that were equally deserving, some receiving liberal appropriations each year, while others were completely neglected. In short, the subventions had been increased and diminished, granted and refused, in good measure from personal considerations.[155] The committee probably did not intend to apply this statement to all the subventions, for some were made in accordance with fixed rules. Thus the annual grants to the institutions for the blind, the deaf mutes, and feeble-minded children were made on the basis of the number of indigent children they received.

On the other hand, the strongest terms that the committee could have employed would have been justified in characterizing the grants to hospitals, to the asylum for the insane, to the house of refuge, and to orphanages. It is practically impossible to discover the method employed by the legislature to determine the amounts to be appropriated for such institutions. Reports were required from the larger concerns, but these documents are nearly unintelligible from an accounting standpoint and the information they contain is meagre in the extreme.[156] Of course, very little aid in making scientific appropriations could have been derived from these reports; and the admission of one member of the General Assembly that, ". . . . . we put them in our desks, and in the hurry of business (sic) we never look at them again, ..."[157] was probably typical of the attitude of a majority of the legislature. An impartial observer would say that the reports received all the attention they deserved. Sometimes the officers of the institutions appeared before the legislature to explain their needs.[158] There is little doubt that the total amount of the subventions and the distribution in any year were largely determined in committee according to the well-known methods of politics; but no echo of these proceedings, as a rule, reached the newspapers or was recorded in the official journals.

[155] Report of the Committee, *Sen Jour.* (1869), p. 154.

[156] The accounts abound in such entries as, "to cash received from the Birch legacy," (capital or income?), "to cash Harrisburg and Lancaster Railroad," or "interest, contribution, etc."

[157] Mr. Everett, in the Senate, 18 March, 1869, *Legislative Record*, p. 1339, col. 1.

[158] See, for example, a statement in the *Annual Report* (1849) of The Institution for the Blind, pp. 7-8.

Those who urged reform of the appropriations to charities, in 1869, seem to have concentrated their efforts in an attempt to compel the legislature to observe some sort of plan in making the subventions. The four rules laid down by the Senate committee were but a part of the program for accomplishing that reform. In accordance with the resolution which provided for their appointment[159] the committee considered the advisability of creating a state board that should inspect or investigate the applicants for state aid and report the result of their findings to the legislature.

After some time they proposed a board of five to be appointed by the Governor. The members were to serve without pay. The board was to be empowered to employ a general agent who should devote all his time to the investigation of the various institutions that received state aid and prepare systematic reports for the information of the legislature. The bill drawn by the committee was adopted with slight modifications by the General Assembly.[160]

The act creating the board made it specifically their (or their agent's) duty to visit all subsidized institutions and to "ascertain whether the moneys appropriated for their aid are [were] or have [had] been economically and judiciously expended; whether the object of the several institutions are [were] accomplished; whether the laws in relation to them are [were] fully complied with; whether all parts of the state are [were] equally benefited by them. . . ."[161] The board was given power to call witnesses and to compel the production of books, accounts, and papers.[162] Finally, the act made it the duty of the general agent to receive requests for state aid from the various institutions and to transmit them with his recommendations to the legislature.[163]

It is obvious that the board was not created to exercise administrative powers. No institutions were placed under its control; it could not coerce those that failed to comply with the law; and it had no actual authority over the amount of the subvention going to any institution. Its chief duties were those of inspection and publication. It was devised to secure information for the guidance of the legislature, but even for that purpose the act creating the board was faulty. Members who re-

[159] The committee was composed of the Superintendent of Common Schools and two senators.

[160] Act 24 April, 1869, *P.L.* p. 90.

[161] *Idem*, p. 91.

[162] *Idem*, p. 90.

[163] *Idem*, p. 92.

ceived no pay could not have been expected to devote much time to their duties. It followed, therefore, that the greater part of the work of inspection fell upon the general agent. But it is inconceivable that one man could, with the limited office force provided, have inspected efficiently the accounts and the quality of service of the various institutions that received state aid.

Very little was actually accomplished by the board before 1873, but the attitude of the agent was generally favorable to larger appropriations for charity. His report for 1872, which urged larger appropriations from the state treasury, contains an elaborate discussion of the problem of caring for destitute and neglected children.[164] In his opinion there were three possible methods of caring for these dependents. In the first place, the state might provide large institutions in which the children would be fed, housed and educated. But this method was rejected with the statement that "Large establishments cannot be managed so as to embrace all the benefits of family influence, which are regarded as peculiarly important to the successful education and training of children."[165] The second possible method, that of requiring the counties to provide for the children, was dismissed with brief consideration.[166]

A third possibility was the establishment of small local institutions by philanthropic organizations with state aid. These homes, which the agent regarded as among the most useful institutions in the commonwealth were, in his opinion, the proper establishments to have the care and training of neglected children.[167] They provided the home life necessary for the proper education of the child, and, since they were supported in part by private contributions, it was less costly for the state to aid them than to establish homes under its own control.[168]

This analysis of the problem seems to have been accepted for many years following the general agent's report, and the arguments in favor of the third scheme have been used to justify and to defend the grants to private institutions even to the present time. His analysis of the problem, therefore, deserves examination. The argument that state institutions cannot bring to bear upon the child the same home influences exerted by small private institutions is based upon the tacit assumption that if the state takes over the work, it must of necessity assemble the

[164] Board of Public Charities, *Report* (1872), p. 5.
[165] *Ibid.*
[166] *Ibid.*
[167] *Ibid.*
[168] *Ibid.*

children in a few very large homes. This assumption is not, however, a valid one. There is no reason why the state institutions should not be small enough to secure, so far as the question of numbers is concerned, all the benefits of the private institution. Furthermore, since each state home could be constructed upon the plan found to be most desirable, there is good ground for believing that such public institutions would not only provide better physical environment, but also better education and better moral surroundings than would heterogeneous private orphanages. On the other hand, it must be admitted that the state cannot hope to secure the same quality of service from its employees that is sometimes given by those who devote their lives to the training of friendless children in private institutions.

The agent's summary rejection of the local governments as the proper agencies for caring for orphans was also based upon an unwarranted assumption. At the time his report was written destitute children were usually committed to the county almshouses. Their education and moral instruction were frequently neglected and the association with adult paupers was not such as might be expected to inculcate habits of industry and morality. But the agent did not, in his published report, sufficiently consider the possibility of providing separate and distinct homes for destitute children. Of course, there is no evidence to show that all, or even a majority of the counties could have been induced at that time to undertake the expense of constructing and maintaining separate institutions. But it is probable that if the state had stood ready to aid them as liberally as it did the private institutions, a majority would have been willing to provide suitable orphanages.

Furthermore, his argument that it was cheaper to aid private institutions receiving donations from individuals, was based on the assumption that these donations either would not be forthcoming, or could not be efficiently applied unless the state aided the institutions to which they were given. The possibility of state and private homes or orphanages serving the same need in the same community received no consideration. Yet the experience of many states, in which private and public charity have been kept almost entirely separate, shows that hospitals and orphanages as well as other agencies of philanthropy will be established, if there is need, by private benefactions even though the state maintains similar institutions.

Finally the argument ignored the saving that might come from centralized administration of the service. If the state had taken over the relief of these dependents it could have assembled them in institutions

of the most desirable size. Supplies could have been purchased at reduced rates and other economies not available to private institutions could have been introduced. It has never been proved that the state saved a dollar by aiding private institutions that also received donations from individuals.

Having presented the positive arguments in favor of the subventions, the agent then proceeded to the current objection that the relief of destitute children was a local service and should be supported by local taxation. In the first place, he correctly observed that many of the private institutions were not strictly local in the scope of their services since they received children from relatively wide areas.[169] Secondly, he observed that although the poor law required each locality to assume the responsibility for its orphans, that legal principle should not be allowed to obscure the fact that such children were the wards of the state, and the state was responsible for their proper care and education.[170] Here, of course, the word "state" was used in two senses and the argument is question-begging. In the third place, the care of destitute children and the reformation of wayward children was clearly not a matter of purely local interest. Children that grew up in ignorance and immorality in one county were, he argued, very likely to migrate to other counties and there become criminals or paupers. The neglect of one county would thus impose burdens upon other communities.[171]

A fourth argument for the subvention to local charities was derived from the analogy of the grant in aid to common schools. The latter was justified on the ground that the schools were necessary for the protection of republican institutions, and, in the same way, the subvetion to charities might be justified.[172] Finally, the agent pointed out, the common objection that the institutions receiving subsidies were located in large cities and that the effect of the subvention was to favor these cities and that the effect of the subvention was to favor these cities at the expense of the country districts, was not a valid one. In the first place, the denser population of the cities caused a large number of cases necessitating relief to occur in those cities; and, in the second place, many of the people who received aid within the cities had but recently come from the smaller towns and the rural parts of the state.[173]

[169] Board of Public Charities, *Report* (1872), p. 6.
[170] *Idem*, pp. 6-7.
[171] *Idem*, pp. 7-8.
[172] *Ibid.*
[173] *Idem*, p. 8.

It is evident that all the arguments advanced by the general agent in favor of subventions to privately owned and managed institutions are beside the point, saving only the fallacious argument that the state should care for the wards of the state. Everyone would probably concede that wherever private benevolence fails properly to care for orphaned children, the public authorities should come to their assistance. The next question is whether the commonwealth or one of the local governmental agencies should undertake the work. This the agent failed to discuss in any adequate manner. He merely assumed that the localities could not be induced properly to perform the service.

It may be granted, for the sake of the argument, that the commonwealth should assume responsibility for the service. But it by no means follows that if it does assume this responsibility, the best method of administration of the service is to turn it over to self-appointed individuals and voluntary organizations, whose expenses are in part defrayed out of the public treasury. Two other methods of administration were open: The state might have maintained its own institutions or it might have aided those established by the counties or towns. By passing quickly over the question of the method of administration and by laying much stress upon the obligation of the state to protect and educate needy children, the agent made it appear that the state was under high moral obligation to assist private orphanages. The influence of the board at this time was decidedly in favor of augmenting the subventions to private charitable institutions.

Although the legislature had failed to limit and to systematize the appropriations to private institutions, and although the board of charities became the advocate of more liberal subventions, opposition to the state's policy in this regard continued to grow. Precisely what was the source of this opposition has not been determined, but it was represented by a group of vigorous and able men in the convention that met in 1872 to revise the constitution of the state. Among the reforms expected of this convention was the limitation of the power of the General Assembly. The limitations expected were of two sorts: limitation of the power to pass special legislation relative to local government, and limitation of the power to spend money.

In this connection we shall discuss only those sections of the new constitution that dealt with appropriations to private institutions. The first restrictive section[174] provided that no appropriations except

[174] Art. III, Sec. 15. See Thorpe's *Federal and State Constitutions*, V., p. 3128.

for the expenses of the legislative, executive, and judicial departments, for the common schools, and for the interest on the public debt should be included in the general appropriation bill. The object of this section was, undoubtedly, to prevent the inclusion of small appropriations of doubtful merit in the same bill with the important appropriations for the support of the state government. During the period after the Civil War small grants to charities were sometimes passed in that manner. Section 15, Article III, has effectually eliminated this evil.

Another section of the same article[175] dealt more directly with the question of subventions. It provided that "No appropriation shall be made to any charitable or educational institution not under absolute control of the Commonwealth, other than normal schools established by law for the professional training of teachers for the public schools of the state, except by a vote of two-thirds of all the members elected to each House." This section does not apply to the subvention to common schools since the schools were under the control of the local governments, which is equivalent as far as this provision is concerned, to state control. It is obvious that this section, which is in force at the present time, requires any appropriation bill that makes a subvention to a private charitable or educational institution to secure a vote of two-thirds of the membership of each house in the General Assembly. It was undoubtedly supposed that only the more meritorious institutions could command so large a majority, and, therefore, that the total amount of the grants would be reduced and that only institutions of state-wide importance would receive appropriations. It was also believed that to require so large a majority would prevent log-rolling and corrupt practices in the passage of these appropriation bills.

The debate on this section brings out these points very clearly. Statements of the delegates not only prove the intention of the convention, but also throw considerable light on the opinions then prevalent as to the manner in which the grants were obtained. One delegate stated very frankly that in the past the treasury had been at the mercy of combinations of local interests and that he favored the section as a means for making such combinations ineffectual.[176] Charges of corruption were frequent. One member said, "It is necessary to stop this corruption at Harrisburg in granting these appropriations to hospitals and

[175] Sec. 17, Art. III.

[176] Thus Mr. H. G. Smith, Convention to Amend the Constitution (1872-73), *Debates*, II, p. 645, col. 1.

sectarian schools."[177] Another delegate in speaking of the Marine Hospital (at Erie), which was located in his own county, said, "It was not because an institution of that kind was specially wanted there, but because we were then represented in the legislature by one who cared more for carrying out his own opinions than serving the best interests of his constituents. And in this instance it happened that a friend in Erie made some money and cheap glory out of it. . . . "[178] It was also alleged that some of these institutions were "got up only to make positions for somebody and to make a splurge in the world."[179]

It is, of course, not certain what the delegate who charged that "corruption" was used to obtain the appropriations, had in mind. But others were more specific. One member of the convention asserted that agents had been hired to go to Harrisburg to lobby for the subvention bills;[180] while another said that to his knowledge money had been used directly to "engineer" at least one appropriation bill of this sort.[181] On the other hand, Ex-Governor Curtin vehemently denied that bribery had played an important part in securing the appropriations.[182] The apparent willingness of many members to vote for all the subventions, good and bad alike, was, of course, not due to their having been corrupted by money payments. Many of the subventions were too small to be divided in this way and it is scarcely conceivable that a majority of the legislature could have been bribed to vote for so many bills. The best explanation of the support given bills of this sort was set forth by Mr. McCandless in the Senate in 1864. A bill making an appropriation to a privately owned asylum, which was located in Mr. McCandless' district, was before the Senate. In the course of debate, that gentleman declared that he would willingly vote against the measure if the Senate would adhere to a resolution not to make any more appropriations to local chartity. But on the other hand, if they would not make and adhere to such a resolution, he could not oppose an appropriation to an institu-

[177] Mr. W. H. Smith, Convention to Amend the Constitution (1872-73), *Debates*, II, p. 681, col. 1.

[178] Mr. Walker, of Erie County, *idem*, II, p. 647, col. 2.

[179] Mr. Lilly, *idem*, II, p. 637, col. 2.

[180] Mr Lilly, *idem*, II, p. 638, col. 1.

[181] Mr. W. H. Smith, *idem*, II, p. 638, col. 2, and p. 639, col. 1.

[182] *Idem*, II, p. 660, col. 1. For a statement in regard to the political morality of the legislature during the sixties, see A. K. McClure's account of the manner in which an appropriation of half a million dollars for the relief of persons who had suffered from the border raids of the confederates, was secured. *Old Time Notes of Pennsylvania*, II, p. 178.

tion within his own district.[183] As long as the constitution permitted the subventions and the people expected their representatives to "get something" for their districts, it was well-nigh impossible to eliminate appropriations to undeserving institutions. Undoubtedly it was generally assumed by those not well versed in the ways of the politician that section 17 would make it possible for the more scrupulous majority of the legislature to put an end to improper and undeserved grants.

Section 18 of Article III imposed further restrictions upon the power of the legislature to make subventions to privately owned and managed institutions.[184] This section reads, "No appropriation, except for pensions or gratuities for military services, shall be made for charitable, educational, or benevolent purposes, to any person or community, nor to any denomination or sectarian institution, corporation, or association." On the face of it, this section would seem absolutely to prohibit subventions or grants to an institution controlled by a religious organization engaged in charitable, educational, or benevolent undertakings.

Debate on this section showed that the proponents of the prohibition had chiefly in mind grants to orphanages and hospitals controlled by the church.[185] One delegate stated specifically that the state subventions to religious charities were bringing the churches into politics, and that the result was extravagance in appropriations, since attempts were naturally made to satisfy the demands of all denominations and sects.[186]

A further reason advanced for the support of this section was that the state subvention was discouraging private contributions to charitable institutions. It was alleged that private philanthropists no longer felt that there was a distinct and separate field for their activities and that private institutions came to rely more and more upon state support.[187]

Sections 17 and 18 did not, of course, pass the convention without opposition. Very few of the delegates ventured to deny that many abuses existed, that apropriations were frequently misused, and that the legislature should be more careful in making the subventions, but the sections were opposed by those averse to limiting too closely the powers

[183] *Legislative Record*, p. 817.

[184] Thorpe's *Constitutions*, V, p. 3128.

[185] See general statements by Mr. Bartholemew, Convention to Amend the Constitution (1872-1873), *Debates*, II, p. 676, col. 1; by Mr. Dallas, *idem*, II, p. 686, col. 1; and by Mr. Newlin, *idem*, II, p. 686, col. 2.

[186] Mr. D. N. White, *idem*, II, p. 688, col. 1.

[187] Mr. D. N. White, *idem*, II, p. 688, col. 1; and Mr. Bartholemew, *idem*, II, p. 676, cols. 1 and 2.

of the General Assembly.[188] It was also denied that the subventions were chiefly of local benefit, for, although the institutions were located in the large cities, they received people from much wider areas.[189] Finally, it was denied that the subventions tended to discourage private benevolence.[190] On this last point no evidence of a substantial character was introduced either by the opponents or advocates of the subventions. And, although there has been much discussion of the subject in recent years, no comprehensive investigation of the accounts of a large number of institutions, which would prove or disprove the assertion, has ever been made.

Section 19, Article III, deals briefly with appropriations for the support of soldiers' widows and orphans.[191] It permits grants to private institutions that assist either of these special classes, but the moneys so appropriated must be used directly for the support of such beneficiaries and not for the general purposes of the institutions.

The period 1844 to 1873 witnessed only a very slight development of the subvention to charitable institutions before the year 1860. Because of the necessity for economy in state finance there was no opportunity to make large appropriations for charity. With the Civil War, however, came a great increase in the number and amount of these subventions. The causes contributing to this increase were the needs arising out of the war, the increase of state revenue, the elaboration of government, the development of political interests that found the subventions useful for accomplishing their purposes, and the growth of a public opinion which demanded appropriations for local purposes. For the most part the subventions were made in a haphazard manner without serious attempts on the part of the legislature to determine the total amount or its distribution in accordance with rational principles. State audit and control of the amounts appropriated were almost entirely absent. Although a majority of the legislature was favorable to the increase of the subventions, many members regarded the growth of these appropriations as undesirable in its effects upon state finance, upon some of the institutions subsidized, and upon the distribution of the burden of taxation among the communities of the state. The opposition to the subventions resulted in the insertion of certain prohibitions into the

[188] Mr. Wayne MacVeagh, *idem*, II, p. 636, col. 2; and Mr. Hunsicker, *idem*, II, p. 661, col. 1.

[189] Mr. Darlington, *idem*, II, p. 638, cols. 1 and 2.

[190] Mr. Darlington, *ibid.*

[191] Thorpe's *Constitutions*, V, p. 3128.

new constitution in 1873, which, it was hoped, would eliminate all but the least objectionable of these grants.

Miscellaneous Subventions, 1844 to 1873

Subventions during this period for purposes other than those of education and charity were of no significance, and Table II, Appendix, shows that only small amounts were expended for other services. These appropriations were chiefly for the benefit of the State Agricultural Society and the Colonization Society and for the assistance of the growers of silk worms. But so small were they in amount that it cannot be said that the state pursued any definite policy toward the organizations receiving them. The amount paid to them is to be regarded as incidental and unavoidable leakage from the state treasury.

CHAPTER VI

THE RELATION OF STATE AND LOCAL FINANCES, 1874 TO 1916

The Distribution of Governmental Functions

Changes in the number and importance of the services performed by the state and local governments during this period were of three sorts. Old functions of both state and local governments were elaborated and made more efficient. New types of service were devised, which were sometimes added to the functions of the state and sometimes to those of the localities. Finally, certain duties were transferred from the local to the state government.

A contemporary account of the functions of local governments, published in 1885, points out that while the services performed by the localities were few and simple they were, on the other hand, relatively onerous. To the townships were committed the care of roads and bridges, the maintenance of schools, and the support of the poor.[1] But, under certain conditions, the county was obliged to assist the townships in building bridges,[2] and in a few cases the county and not the township assumed the burden of poor relief. Moreover, the state shared with the localities (township or county) the burden of caring for indigent defectives.[3]

The counties, at this time, were charged with the support of the courts, except that the state paid the salaries of all judges learned in the law but apparently not the salaries of lay judges, nor of police magistrates. The cost of maintaining prisons and workhouses for the detention of persons convicted of minor offenses was also a county or municipal charge. In addition, each county was required to pay the expense of maintaining all criminals committed to the state penitentiaries from within its borders. The state paid only the overhead expense of maintaining the prisons. Other functions of the county government were the assessment and collection of local taxes and of certain state taxes, and the supervision of general and local elections. It should also be noted that

[1] James, E. J. The Public Economy of the Commonwealth of Pennsylvania, *Wharton School Annals of Political Science*, No. 1. (1885), p. 58.

[2] *Idem*, p. 59.

[3] *Ibid.*

the state required the localities to bear the expense of maintaining their indigent insane in the state hospitals.[4]

In 1885, therefore, the greater part of the most burdensome functions of government was borne by the localities. Professor James, in the article cited, pointed out that the total state expenditure for general purposes was, in 1882, about $5,000,000,[5] while in the same year the counties levied a tax of $15,000,000 and the school districts one of $6,000,000. These figures did not include township levies for purposes other than the support of the schools. Roughly estimated, total local expenditures must have amounted to more than $25,000,000.[6]

The principal financial obligations of the state at this time arose from its performance of the following functions: (1) the establishment and maintenance of prisons and asylums; (2) the maintenance of the general governmental functions performed by the governor, the legislature, the auditor general, etc.; (3) the administration of justice; (4) the military.

Since 1885 the tendency has been for the state to take over certain services performed by the localities. Thus the recent reports of the Auditor General show large expenditures for state hospitals for injured miners, for state dispensaries and sanitoria, for uniform primary elections, for the state police system, and for the construction and maintenance of state highways.[7] In addition to these important charges the state has undertaken a number of minor services.[8] Apparently the localities have thus been relieved of a part of the services which they regularly performed in 1885. But it must not be inferred that the real burden of local government was less in 1916 than in 1885; for the services which the state has taken over are mostly developments of the last thirty years. Furthermore, such services as education, road building and maintenance, sanitation, charitable relief, recreation, and police have undergone tremendous elaboration within the same period, and the state has by no means taken on the responsibility for all these additions.

[4] James, E. J. The Public Economy of the Commonwealth of Pennsylvania, *Wharton School Annals of Political Science*, No. 1, (1885), p. 60.

[5] *Idem*, p. 67.

[6] *Idem*, pp. 67-68. It is not clear whether the writer intended to include in this estimate expenditures of the cities and the boroughs.

[7] This list is intended to include only those services which the state administers directly. The uniform primaries are jointly administered by state and locality, hence they are partly state and partly local, but no separation can, of course, be made.

[8] Compare the "Summary of Payments," in the *Reports* of the Auditors General for the years 1885 and 1916.

The Development of State Taxes on Corporations

The basis of the present system of state taxes in Pennsylvania is found in the act of 1844.[9] This act included or added to all the earlier taxes for state purposes and gave the state a system of taxes upon real and personal estate, upon the stock of corporations, on bank dividends, on collateral inheritances, and on county, municipal, and other local government loans. During the sixteen years following 1844, no important new taxes were added to the state revenue system. Such changes as were made in the rates of existing taxes or in the manner of their assessment were intended either to increase state revenue or to accomplish a more equitable distribution of the burden of government among taxpayers.

The changes in the revenue system between 1861 and 1874 involved the introduction of several new and important taxes, and the repeal of the state tax on real estate. Among the new duties, which were either corporation or special business taxes, were the tax on the gross receipts of private bankers,[10] the tax on the gross receipts of transportation companies,[11] the tax on the net earnings of practically all corporations doing business with the state, transportation companies excepted,[12] the tax on traffic carried by transportation companies,[13] the tax on loans of private corporations,[14] and the tax on the premiums of foreign insurance companies.[15]

While the state was thus enriching its treasury by the invention of tax burdens to be applied to corporate wealth and income, the localities were left with about the same revenue resources as in 1844. No new local

[9] As was pointed out in Chapter IV, the first special tax on corporations was that imposed upon banks by the act of 1814 (Act 21 May, 1814, *P.L.* p. 169). In 1840 a tax was imposed upon the capital stock of corporations and jointstock companies (Act 11 June, 1840, *P.L.* pp. 612-614). The provisions of this act were changed in some particulars by the act of 1843 (Act 31 March, 1843, *P.L.* p. 121). It should also be noted that a state tax was imposed upon personal property in 1831 (Act 25 March, 1831, *P.L.* pp. 206 ff.). An inheritance tax for state purposes had also been in operation for more than a decade in 1840.

[10] Act 16 May, 1861, *P.L.* p. 708.

[11] Act 23 February, 1866, *P.L.* p. 82.

[12] Sec. 2, Act 30 April, 1864, *P.L.* pp. 218-219.

[13] Act 30 April, 1864, *P.L.* p. 218.

[14] Act 30 April, 1864, *P.L.* p. 219. This tax was new in the method of assessment. The expedient of stoppage at the source was substituted for assessment by local assessors. See Eastman, *Taxation in Pennsylvania*, II, pp. 686-687.

[15] Sec. 10. Act 4 April, 1873, *P.L.* p. 26.

taxes were introduced. In one important respect, however, the localities suffered a gradual diminution of their revenue resources. When the state imposed its taxes upon corporate wealth and income, it frequently exempted the property of the corporation in whole or in part from local taxation.[16] In 1844, when a state-wide tax was levied upon real estate owned either by natural persons or by corporations, the holdings of neither class of owners were exempted from local levies. But the gradual exemption of a great part of corporate wealth from local taxation in later years caused the burdens of supporting local government to bear heavily upon real estate in the hands of natural persons, and land owners began to protest against these arrangements and to demand a readjustment of the burden of taxation. In 1857 the Board of Revenue Commissioners reported that real estate was paying a disproportionate share of the cost of state and local government.[17] The Commission to Revise the Revenue Laws reported in 1863 that in certain townships state and local levies combined amounted to three per cent on the assessed value of the real estate.[18] Reports of the Board and of the Commission also contained much evidence of gross inequality in the assessment of the state tax on real and personal property. The Commission proposed that the state increase corporation taxes and repeal the state tax on real estate. These proposals were designed to increase the revenue resources of the local governments, and to bring about a more equitable division of revenue resources between the state and the localities. Furthermore, the abolition of the state tax on real estate was advocated because of the gross inequalities that prevailed in its apportionment among the counties.[19] These arguments seem to have carried weight with the General Assembly for, in 1866, the state tax on real estate was repealed.[20]

[16] As early as 1874 at least one state official had pointed out the effect of separation of sources. At that time about two-third of the state revenue was derived from the corporation taxes. "But it should be kept in mind that by far the larger amount of corporate wealth is not taxed at all for county, city, school, road, or poor taxes. The large state tax they [the corporations] pay is not even a full equivalent for their escape from nearly all local taxation." Bureau of Statistics, *Second Annual Report* (1873-74), p. 155.

[17] *Leg. Docs.*, (1857), Report of the Board of Revenue Commissioners, p. 613.

[18] *Leg. Docs.* (1863), Report of the Commissioners to Revise the Revenue Laws, p. 500.

[19] *Ibid.*

[20] Act 23 February, 1866, *P.L.* p. 83.

The demands of the agricultural interests had now been satisfied and for nearly two decades no serious complaints of a lack of revenue for local purposes reached the legislature. It is pertinent to inquire at this point whether at any time during the period 1844 to 1866, land was actually overburdened, or whether the movement which began during the latter 'fifties and which resulted in the repeal of the state tax in 1866, was merely the successful attempt of one industrial class to escape a part of its just share of taxation.

The real motives that determine the action of deliberative bodies are always difficult to discover. Moreover, the motives and causes of action paraded before the public are often fictitious. We are, therefore, justified in inquiring as to the real reason for the act of 1866. Unfortunately, complete evidence upon which to base a history of the bill during its passage through the legislature is not available. But the statement of the Commission to Revise the Revenue Laws is the best at hand and that evidence is clearly to the effect that the distribution of taxation, as it existed in 1863, was unjust to the owners of real estate.

During the years 1868 to 1879, the tendency was to lighten the tax burdens of the corporations.[21] The table on page 143 which has been compiled from the reports of the Auditors General shows the receipts by the state from corporation taxes for the eleven years 1868 to 1879, inclusive.

The table emphasizes the points made by the Auditor General. In 1873 the total yield of the taxes upon corporations was $4,901,600, while in 1879 it was but $3,282,400. On the other hand, it must not be concluded that the repeal of some provisions of the tax law and the modification of others was solely responsible for this decline in productivity. The great industrial depression which followed the crisis of 1873, and which reduced the earnings of many corporations and forced others into bankruptcy, doubtless caused some falling off in receipts from these taxes. The decline in the yield of the tax on capital stock from 1876 to 1879 is, however, attributable to modifications made by the law of 1877.[22]

During the years 1880 to 1889 the yield of the various taxes upon corporations increased, but such augmentation as occurred scarcely brought it back to the level it had reached during the years 1871 to 1873.

[21] In 1878, the Auditor General was of the opinion that, with the exception of the coal and insurance companies, corporations were, in general, less heavily taxed than in the years prior to 1868. *Report* (1878), p. 4.

[22] Aud. Gen. *Report* (1879), p. 3.

RECEIPTS AT THE PENNSYLVANIA STATE TREASURY FROM CORPORATION TAXES, 1868–1879[1]

(in thousands of dollars)

Tax	1868	1869	1870	1871	1872	1873	1874	1875	1876	1877	1878	1879
Capital Stock	1,064.1	1,037.2	1,241.3	1,269.5	1,308.0	1,415.6	1,339.1	2,135.6	2,148.3	2,086.3	1,364.3	1,006.7
Corporate Loans	252.9	238.3	274.5	467.6	389.9	581.3	307.0	44.2	27.9			
Net Earnings or Income	442.8	310.9	396.2	339.4	348.0	446.3	89.2	65.1	49.2	45.6	39.2	31.8
Gross Receipts	382.9	371.9	391.0	436.5	453.1	795.2	79.2	121.9		72.3	547.6	565.5
Tonnage	307.5	293.9	401.5	471.7	502.9	385.4	130.9	21.5		1.5	.4	
Coal Companies	192.4	159.6	251.2	163.8	299.4	336.4	162.7	521.7	521.0	482.8	530.2	645.0
National Bank Stock	216.9	187.2										
Commutation of Tonnage Tax	360.0	360.0	360.0	360.0	360.0	230.0	490.0	460.0	460.0	460.0	460.0	460.0
Premiums on Charters of Corporations	67.5	60.7	59.0	85.2	101.6	68.3	56.5	46.0	35.1	25.2	23.3	21.1
Tax on Premiums and Licenses of Foreign Insurance Agencies	220.4	266.2	279.9	332.9	351.4	353.5	292.8	156.5	146.9	500.9	221.2	199.7
Bank Stock			284.9	273.9	265.0	288.1	305.1	285.7	202.7	394.3	251.2	310.1
Bank Dividends			.3	2.5	.3							
Gross Premiums of Domestic Insurance Cos.											36.4	41.8
Log and Boom Cos.				1.1	.9	1.5	1.6	1.5	.1	.8	.6	.7
Total	3,507.4	3,285.9	3,939.8	4,204.1	4,380.5	4,901.6	3,254.1	3,859.7	3,591.2	4,069.7	3,474.4	3,282.4

[1] For fiscal years ending November 30. From *Reports* of Auditors General for years given.

The variations in the yield of the principal taxes paid by corporations during this decade are set forth in the table on page 145.

The decade 1880 to 1890 was not marked by important tax legislation until near its close. But about the middle of the period an agitation for heavier taxes upon corporations sprang up. In 1885, in his biennial message to the legislature, Governor Pattison asserted that real estate was paying too great a proportion of the total cost of supporting state, county and local governments.[23] The inequity arose out of the almost complete exemption of corporate wealth from local taxation. Corporations paid the greater part of the state taxes, but local taxation upon real estate, especially farm real estate, was, the governor believed, four times as burdensome as the state taxes upon corporations.[24] The governor recommended that the personal property tax and certain license taxes levied by the state be turned back to the localities and that the state raise all its revenues from the corporation taxes.[25] In 1887 Governor Pattison reiterated the recommendations made in his message two years earlier.[26] In the message of 1887 the governor referred to the insistent agitation of the agricultural interest for a more equitable adjustment of taxation and advised that heavier taxes be imposed upon corporations and that real estate be further relieved of the burden of supporting local government.[27]

The result of the demand for readjustment of tax burdens was the series of laws passed during the years 1889 to 1893, which increased the taxes paid to the state by corporations and by personal property. These laws also provided for the return of a part of the revenue from the personal property tax to the localities in which it originated and for the transfer of the proceeds of certain retail liquor licenses to the local authorities.[28] The effect of these laws was greatly to increase the yield of the corporation taxes as is shown by the table on page 146.

[23] *Pennsylvania Archives*, IV Ser. X, pp. 233 ff.

[24] *Idem*, p. 234.

[25] *Idem*, p. 235.

[26] *Idem*, pp. 488-490.

[27] *Idem*, p. 490.

[28] See Sec. 16, Act 1 June, 1889, *P. L.* p. 426; Act. 9 June, 1891, *P. L.* pp. 248-249; Act 8 June, 1891, *P. L.* pp. 229-243; Aud. Gen. *Report* (1891), p iii.

RECEIPTS AT THE PENNSYLVANIA STATE TREASURY FROM CORPORATION TAXES, 1880–1889[1]

(in thousands of dollars)

Tax	1880	1881	1882	1883	1884	1885	1886	1887	1888	1889
Capital Stock	1,351.9	1,692.9	1,675.4	1,534.1	1,535.7	2,037.6	1,729.0	1,702.1	1,814.8	1,952.8
Corporate Loans	35.2	49.0	686.8[2]	10.9	.....	.....	1.9	33.6	38.4	103.5
Net Earnings or Income	51.4	64.1	74.3	59.1	71.6	63.8	68.7	81.6	88.0	71.7
Gross Receipts	653.8	787.0[3]	658.7[3]	837.6[3]	787.9	913.3	1,210.6	776.4	583.6	517.3
Coal Companies	811.1	257.6	90.7	7.1	.8	.....	.....	.....	.....	.....
Commutation of Tonnage Tax	460.0	460.0	460.0	460.0	460.0	460.0	460.0	460.0	460.0	460.0
Premiums on Charters of Corporations	34.7	54.1	131.0	107.0	84.9	80.2	119.1	148.6	164.4	164.6
Tax on Premiums and Licenses of Foreign Insurance Agencies	196.7	207.3	234.9	255.7	285.1	307.2	334.9	377.6	428.8	474.3
Bank Stock	339.6	335.2	350.2	365.5	373.1	363.3	415.9	431.6	456.1	469.9
Tax on Gross Premiums of Domes-Cos	36.9	242.3	32.1	39.6	36.5	39.2	41.2	42.6	42.9	49.9
Log and Boom Cos	.....	.....	.....	.....	6.4	1.5	.....	1.0	.....	.....
Total	3,971.3	4,149.5	4,394.1	3,676.6	3,642.0	4,266.1	4,381.3	4,055.1	4,077.0	4,264.0

[1] For fiscal years ending November 30.

[2] Contains tax on municipal loans, etc.

[3] Contains a small amount of tax on receipts of notaries. From *Reports* of Auditors General for years given.

RECEIPTS AT THE PENNSYLVANIA STATE TREASURY FROM CORPORATION TAXES, 1890–1895[1]
(in thousands of dollars)

Tax	1890	1891	1892	1893	1894	1895
Capital Stock	1,935.4	2,378.9	2,211.1	3,544.9	3,635.6	3,537.8
Corporate Loans	541.5	1,289.2	682.7	769.2	1,188.9	822.4
Net Earnings or Income	100.4	68.4	70.9	79.7	78.1	83.1
Gross Receipts	513.8	696.2	563.2	542.1	775.8	598.5
Commutation of Tonnage Tax	865.7					
Premiums on Charters of Corporations	168.7	243.8	242.0	244.1	215.2	241.8
Foreign Insurance Companies	354.0	395.3	421.8	463.3	495.8	513.6
Bank Stock	413.4	413.2	535.7	530.2	511.1	514.1
Gross Premiums of Domestic Insurance Companies	45.6	55.0	46.9	60.4	55.8	51.0
Total	4,938.5	5,540.0	4,774.3	6,233.9	6,956.3	6,362.3

[1] *Reports* of Auditors General for years indicated. Fiscal years ending November 30.

The state system of taxation has undergone no important modification in recent years.[29] By far the greater part of the revenue receipts is derived from the taxation of corporations. Thus in 1914, out of a total of $31,114,949[30] received at the state treasury, $21,371,287 was derived from taxes, fees, and penalties paid by private corporations and associations. Of this amount, $11,765,135 was derived from the tax on the capital stock of corporations exclusive of those engaged in banking and building and loan associations. License taxes on thirteen categories of business enterprises yielded a total of $3,390,724 and the collateral inheritance tax produced $2,516,790. The remainder of the total income of the state, or about $4,000,000, was derived from a great number of sources. Thus corporations paid taxes, fees and penalties amounting to about two-thirds of the total income of the state.

[29] Exception should, of course, be made for the state tax on personal property. The Act of 17 June, 1913, provided for the relinquishment of the tax on certain kinds of property to the localities. See *infra*, p. 149.

[30] This figure represents the total receipts given by the Auditor General less $326,101 made up of refunds and the amount paid into the state treasury by boroughs, townships, and counties for their share in constructing permanent highways. Aud. Gen. *Report* (1914), pp. 7-9.

The Equalization of Revenue Resources between the State And The Localities

The problem of making a proper distribution of revenue resources between the state and the localities, in Pennsylvania, is, as was shown in the preceding section, closely connected with the problem of equalizing the burden of taxation upon the different forms of property and income. This is due to the fact that since 1866 the state and the localities have derived their revenues from different objects of taxation. At first sight it would appear that two problems are involved. But a moment's consideration will show that in Pennsylvania these problems are practically identical. If the localities need more revenue, their chief resource is to levy heavier taxes on real estate. If this process of adding to the local tax rate continues, the owners of real estate are sure to protest that they are paying a higher rate than other property owners. They then demand an equalization. If, however, the rate upon real estate is kept equal to, or below that imposed on other wealth, the local governments must, assuming that they are in actual need of additional funds, either remain impoverished or have recourse to borrowing. A widespread demand for increased local revenues is certain to be followed by a demand for equalization of the burden of taxation among property owners. As long, therefore, as the separation of state and local revenues shall continue every large increase in local taxation will be accompanied by a demand for equalization. And every attempt to increase local revenue will mean a redistribution of the burden of taxation on those kinds of property that pay local taxes.

After the separation of sources, which took place in 1866, it was inevitable that such complications and problems should arise. Changes in the relative amount of work performed by the state and the localities or changes in the rate of growth of the property taxed by the state and by the localities soon distrubed any arrangements that were made. And, finally, new legislation and court decisions tended to produce the same result.

As was pointed out in the preceding section, the owners of real estate succeeded, during the years 1885 to 1889, in gaining the support of the governor and of the legislature in their demand for relief. But the relief was, at first, given only in a limited way. In 1887 the legislature turned over to the localities a portion of the proceeds of certain licenses for the sale of intoxicating liquors. The revenue received by the local authorities from this source was not, however, very large, amounting

to only $5,600,448 during the years 1888-1891. In 1891, however, these licences were turned over to the localities to administer, to collect, and to retain the revenue, but the rate of the tax was fixed by state enactment. The yield was, in 1892, about $3,000,000 annually, and even as late as 1905 it was estimated that the total receipts from them did not exceed $3,500,000.[31] In later years the state imposed additional license taxes upon dealers, but the local taxes were not disturbed.

The agitation for a readjustment, which continued throughout the latter part of the decade 1880 to 1890, also resulted, in 1890, in the appointment of a commission to examine the complaints of the owners of real estate and to work out a revision of revenue laws for both the state and the localities.[32]

The introductory part of the resolution providing for the commission recited that the existing system had worked injustice by exempting from local taxation large amounts of both real and personal property held by corporations. It was also asserted that there was an "urgent demand" for reduction of taxation for local purposes. The resolution required the commission to be composed of the Auditor General, a representative of the manufacturing interests appointed by the governor, a representative of the mercantile and financial interests elected by the lower house of the General Assembly, two specialists in taxation, one elected by each branch of the legislature, one representative selected by the Association of County Commissioners, and, finally, a representative of the agricultural interests chosen by the State Grange.[33] A representative of the laboring classes was added when the commission was finally organized.[34]

A commission so constituted naturally found great difficulty in teaching an agreement either as to facts or as to a proposal for constructive legislation. Furthermore, since they were poorly equipped for making investigations, little reliance can be placed upon their findings as to the actual inequality in the distribution of the burden of taxation. Governor Beaver stated bluntly, in 1891, that the commission had failed to produce evidence that showed the degree of inequality actually existing.[35] The majority of the commission agreed upon a bill which would have brought personal property and wealth owned by corporations within the taxing

[31] *Compendium and Brief History of Taxation*, p. 43.

[32] For the legislative authority for the appointment of the commission see Joint Resolution No. 27, 1889, *P.L.* pp. 456-457.

[33] *Ibid.*

[34] Revenue Commission (1889), *Report*, p. 6.

[35] *Pennsylvania Archives*, IV Ser. X, p. 879.

power of the localities,[36] but the General Assembly refused, in the session of 1891, to follow the commission's recommendations.

The same legislature that provided for the appointment of the commission of 1889 undertook to bring about a slight equalization of revenue resources by providing for the return of one-third of the proceeds of the state tax on personal property to the counties or to cities co-extensive with counties.[37] But this arrangement did not mean a very great addition to the resources of the localities. The act provided that in the future the localities should assume responsibility for uncollectible amounts due for taxes upon personal property, for abatements, and for all other expenses connected with the levy and assessment of the tax.[38] The return of one-third of the revenue was, therefore, more in the nature of a payment for the assumption of all expenses connected with its levy and collection.[39]

Although the assembly did not pass the bill which was recommended by the commission of 1889, additional relief was granted to the localities and to the owners of real estate. The first measure of relief, passed by the legislature in 1891, was the return of three-fourths of the state tax on personal property, which was increased from three to four mills on the dollar.[40] The act also made changes in the corporation tax calculated to increase the revenue from that source.[41] That this arrangement, which obviously increased the local revenues without additional taxes on real estate, was specifically designed to readjust the burdens of taxation is a matter of common knowledge to all who are familiar with this portion of the financial history of the state.[42] No further change was made in the distribution of the personal property tax until 1913, when the state turned over to the localities the personal property tax on mortgages, money owed by solvent debtors, interest-bearing accounts, public loans, except those exempted by law or taxed by the state, shares of

[36] *Pennsylvania Archives*, IV Ser. X, p. 879.

[37] Act 1 June, 1889, *P.L.* pp. 420-438, at 426.

[38] *Ibid.*

[39] Eastman. *Taxation in Pennsylvania*, II, p. 791. The personal property tax in Pennsylvania is imposed on mortgages, notes, money owned by solvent debtors, collectable accounts, public loans except those of the United States and of the state, bonds of corporations generally, certificates of indebtedness, and stock of corporations not subject to the capital stock tax. There are numerous exceptions to this general statement. See Eastman, *Taxation in Pennsylvania*, II, pp. 772-773.

[40] Act 8 June, 1891, *P.L.* pp. 229 ff.

[41] *Ibid.*

[42] "In 1891, when there appeared to be great danger of the passage of the 'Granger' Revenue Bill, then pending, it was agreed, as a sop to Cerberus, to increase the propor-

stock except those taxable by the state, moneys invested in other states or in foreign countries, other moneyed capital in the hands of individuals, or annuities of over $200 annually, and on such conveyances as cabs, hacks and omnibuses.[43] The rate that should be levied on such property was retained at four mills on the dollar.[44] The state retained the tax on loans of private and municipal corporations.[45]

It is apparent that the method employed by Pennsylvania since 1887 to bring about an equalization of revenue resources between the state and the localities, and to equalize the burden of taxation among tax payers, has been somewhat similar to that employed by Mr. Goschen in solving the same problem in Great Britain. In both cases the central government relinquished certain taxes (or the proceeds of those taxes) to the localities in order to lighten the burden on property subject to local taxation. In Great Britain the assigned revenues were used to make possible a partial abolition of the grants in aid. In Pennsylvania, on the other hand, the subventions have increased more rapidly since the period when the adjustment by means of assigned revenues was made than they did before. In fact, it seems highly probable that when the "Granger" bill was defeated, in 1891, it was generally understood that the subventions from the state treasury would be increased.[46] Numerous statements to that effect have been made in the legislature since that date. Mr. Focht, speaking in the senate in 1903, asserted flatly that the increases in the school appropriations, which began at that time, were the result of a compromise in the struggle between the corporations and the "grangers."[47] Again, in a debate in the lower house, in 1897, one member (Mr. Morrow) asked another member (Mr. Farr) "what was the object" of the increased appropriations to common schools provided at the session of 1891. The answer was, "I think the object was to lessen the burden of taxation in different parts of the state. That was the

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tion [of the personal property tax] to be returned to three-fourths, which was accordingly done. The one-third granted by the Act of 1889 was given in commutation of payments theretofore made, but the difference between one-third and three-fourths, given by the Act of 1891, was a donation." Eastman, *Taxation in Pennsylvania*, II, p. 791.

[43] Act 17 June, 1913, *P.L.* pp. 507-519.

[44] *Idem*, p. 508.

[45] *Idem*, p. 516.

[46] The evidence of such an understanding is not conclusive. No enactment or resolution of the legislature gave definite expression to such a policy.

[47] *Legislative Record*, 1 April, 1903, p. 2606, col. 1.

statement at that time."[48] Contemporary opinion of the effect of the grants is well expressed by Mr. McCamant, a member of the Revenue Commission of 1889, who pointed out in his report that the state might relieve the localities of some of their financial burdens in two ways. In the first place, it might assume "a further share of the expenses of local government," or it might relinquish to the localities any surplus revenues attached to the state treasury.[49]

The State Grange has, in recent years, consistently advocated the increase of appropriations for the assistance of the local governments. The policy is well expressed in the followng excerpt from the report of its Legislative Committee at the Annual Session of 1904. "One of the foremost questions confronting the farmers and other real estate owners is the equalization of taxation. The Grange has made a steadfast effort to protect the farmers against extortion by taxation. It succeeded in having the school appropriation increased, three-fourths of the personal property tax returned to the counties and the liquor licenses, thus making an annual saving to the taxpayers of the state of over $12,000,000."[50] The final word of the committee was a demand that the state assume a larger proportion of the local burdens or that it relinquish additional objects of taxation to the localities.[51]

The Grange has also been active in bombarding the legislature with petitions praying for relief of "farms and homes of oppressive taxation," for the reduction of the burden of local taxation, and for the removal of "oppressive taxation of real estate."[52] In 1910 the *Grange News* printed a communication which advocated the "Grange plan" for equalizing taxation. This plan provided that the state should pay the minimum salary of school teachers for the minimum term, pay one-half of the local road tax (not to exceed $25.00 per mile), build all state roads, and return to the counties such taxes as were collected by them for state purposes.[53] In the following year the legislative platform of the Grange demanded that equalization of taxation be brought about by (1) relieving real estate from taxation by increasing state appropriations for

[48] *Legislative Record*, 23 March, 1897, p. 915.

[49] *Report*, p. 35.

[50] *Grange News*, vol. I, No. 6 (Jan. 1905) p. 67.

[51] *Idem*, p. 68.

[52] See, for example, the petitions presented to the legislature in 1909, *Legislative Record*, pp. 4620-4622.

[53] *Grange News*, vol. VI, (Mar. 1910) pp. 165-166. The writer was a Mr. Arthur Dennison.

local purposes; (2) by the payment of the minimum salary of school teachers from the state treasury; (3) by an appropriation by the state to the townships that levied cash road taxes equal to the amount of such taxes, but not to exceed $25.00 per mile; and, (4) by a strict enforcement of the constitutional provision for uniformity of taxation.[54]

The effect of this activity on the part of the farmers cannot, of course, be accurately estimated. That it has had some effect in recent years may, however, be inferred from the fact that the first three proposals of the Grange have been embodied in acts of the legislature.

The increase of subvention for school purposes during the decade 1900 to 1910 is very marked as may be seen from the table on page 159. In 1907, after the passage of the law providing a minimum salary of forty dollars a month for all teachers, and fifty dollars for experienced teachers, the legislature provided for the payment of the extra burden thus placed upon the poorer districts.[55] Furthermore, since 1891, the state expenditures for subvention to local charitable institutions has increased very rapidly.[56] The assumption by the state of the cost of uniform primary elections also relieves the localities of a burden that might have fallen upon them.

The period 1874 to 1916 witnessed a great increase in the functions of government in Pennsylvania and the larger part of the new functions was assumed by the localities. In addition old services have been improved and their performance has become more costly. At the same time, the revenue system has continued to be highly centralized. With the exception of certain license taxes and the personal property tax, the state has retained all the revenue resources it had acquired by 1874, and with the growth of the industrial interests the corporation taxes have become relatively more important than in 1874. The localities have been restricted to taxes on real estate, on personal tax, and a few licenses.

In order to provide the large revenues necessary to carry on the new and elaborate services the state, rather than resort to decentralization of its revenue system, has made large subventions to the local governments and to eleemosynary institutions that perform local services. Those in authority have preferred this method of equalization to decentralization or to assigned taxes. It remains to be shown in the succeeding chapters how the method adopted has worked in practice.

[54] *Grange News*, vol. VII, p. 156.

[55] Supt. of Public Instruction, *Report* (1907), p. x. Cf. *infra*, p. 178.

[56] See *infra*, Chapter IX.

CHAPTER VII

THE SUBVENTIONS FOR EDUCATION, 1874 TO 1916

The State System of Common Schools in 1874

In 1874 the state system of common schools had been in operation for forty years. During these four decades the extreme local autonomy that marked the system created by the early laws had been slowly supplanted by local control with moderate state supervision. For the most part the supervision exercised by the state was of the legislative rather than of the administrative kind. In 1848 the establishment of free schools had been made one of the obligatory duties of the localities.[1] In 1854 the office of county superintendent had been established for the purpose of weeding out incompetent teachers, stimulating professional interest among those that remained, and guarding against irregularities in district finances.[2] Yet this officer had little discretionary power. He was only authorized to administer the regulations imposed by the legislature. Three years later the office of State Superintendent of Common Schools was separated from that of Secretary of the Commonwealth and the supervision of the schools was placed in the hands of an independent state officer who was trained in the administration of educational institutions and who had usually been an active teacher.[3] The office was thus taken out of politics and the resulting permanency of tenure, which is a matter of custom, enabled the superintendent to outline and to urge a definite policy in his recommendations to the legislature, largely unhampered by political considerations.[4]

The authority of the state superintendent to compel district officers to observe state regulations was not very great. He did not have large discretionary powers. As long as the district officers complied with the state laws, which regulated the length of the school term, required certain reports and made obligatory the employment of teachers considered competent by the county superintendent, the state super-

[1] *Supra*, Chapter V, p. 87.

[2] *Supra*, Chapter V, p. 111.

[3] Although the superintendent is appointed by the governor for only four years, he is usually reappointed for several terms.

[4] Separation has had disadvantages as well as advantages. As Mr. Yetter has pointed out, the fact that the superintendent was not a member of the political administration weakened the force of his recommendations to the General Assembly. *The Educational System of Pennsylvania*, p. 57.

intendent could not interfere. His principal power arose from his personal influence in stimulating teachers and county superintendents to do better work, and in urging modification of the school laws by the legislature.

Thus the school system in existence in 1874 was the product of many laws based upon the recommendations of administrative officials. That this system was greatly superior to that established during the 'thirties cannot be denied. But, in spite of the progress that had been made, many minor difficulties and several important problems remained unsettled. In 1874 the superintendent called the attention of the legislature to two classes of defects that, in his opinion, should receive the attention of that body: (1) Those that concerned the internal workings of the individual school, or what might be called pedagogical problems, and (2), those that had to do with larger or more general problems. Among the latter were defects relating to taxation, the selection of teachers, compulsory education, and central control of local school boards.[5]

Among the defects of the second sort, which alone fall within the scope of this study, none was more important than the failure of the system to give an elementary education to all children. In the opinion of the superintendent a large proportion of the children did not attend the schools.[6] Stupidity, indifference and prejudice caused many parents to refrain from educating their children. Poverty was also a cause. But the chief officer of the school system did not recommended direct compulsory attendance.[7]

Moreover, the laws relative to the office of county superintendent were faulty, in that large counties with many schools frequently did not provide salaries adequate to induce competent energetic men to accept the position. A number of cases were reported in which the smallest counties paid higher salaries than their larger and wealthier neighbors. The superintendent advised that the salaries of these useful officers be made to bear some relation to the services they rendered.[8]

A more glaring defect, the lack of uniformity in the laws relating to taxation for school purposes, and inequalities in their operation, the superintendent commented upon in a few vague sentences. The causes of these inequalities he did not state definitely, but it may be surmised,

[5] Supt. of Common Schools, *Report* (1874), pp. xiii-xv.

[6] How large was the number of these children could not be accurately stated because no school census was required by law.

[7] Supt. of Common Schools, *Report* (1874), xiii.

[8] *Idem*, p. xiv.

that he referred to the escape of a large part of the corporate wealth of the state from all local taxation. One difficulty dealt with specifically was the uncertainty existing as to the maximum tax that districts might levy for the support of the schools. The law of 1854 permitted them to levy as large a tax as the combined state and county rates, or thirteen mills on the dollar of assessed valuation. But the law of 1866 had repealed the state tax on real estate and it was a question whether it also reduced the maximum tax that the district might impose.[9]

Two other difficulties, of vast importance, were not mentioned by the superintendent in his report. One was the ever-present question of how to raise funds to meet the constantly expanding needs of the schools. The other was the inequitable method, then in use, for distributing the state appropriation.

The principal events in the history of the common school system since 1874 relate chiefly to the difficulties enumerated. New problems arose as time went on, and some questions, of minor importance in 1874, later became large issues. But the most important changes in the law pertaining to the state subvention had to do with the defects inherited from the earlier period.

The Financing of the School System

Viewed from the state superintendent's office, or from the position of an advocate of efficient schools, it is largely a matter of indifference what shall be the source of the funds for financing elementary schools. If sufficient revenues are forthcoming to pay the expenses of employing good teachers and of providing adequate equipment for the schools, no further questions need be asked. In Pennsylvania, however, these funds have come from two sources: local taxation and the state appropriation. It is conceivable that a state superintendent might appeal both to the legislature and to the local taxing authorities for more ample financial support. But the latter were numerous and difficult to influence. Furthermore, since the superintendent was a state officer, and since he had the dispensing of the state appropriation, it was but natural that his appeal should be most frequently made to the General Assembly. It must not be assumed, however, because of the frequent reference made in his reports to the inadequacy of the state appropriation, that the blame for lack of funds was always to be laid at the door of the legislature. The problem of getting the necessary revenue must be considered from two points of view. In the first place, when funds are

[9] Supt. of Common Schools, *Report*, (1874), p. xiii.

said to be inadequate an explanation of the failure of the localities to increase taxation must be sought. And, in the second place, the reason for the inaction of the state legislature must also be explained.

The progress of the school system and the varying proportions in which the state and the localities contributed to the support of the schools from 1874 to 1888 is shown in the following table:

THE AVERAGE NUMBER OF CHILDREN ATTENDING THE PUBLIC SCHOOLS, THE NUMBER OF TEACHERS EMPLOYED, AND THE FINANCES OF THE SCHOOL SYSTEM, PHILADELPHIA EXCLUDED, 1874-1888[10]

Year[11]	Average number of pupils attending school	Number of teachers employed	State appropriation paid[12]	Tax levied locally	Total expenditures[13]	Excess of total expenditures over state appropriation	Proportion of total expenditures borne by state appropriation
1874	468,309	17,664	$521,345	$5,787,884	$6,848,788	$6,327,443	7.6%
1875	472,283	18,101	533,625	5,983,005	7,438,756	6,905,131	7.2
1876	495,743	18,314	728,207	6,003,443	7,079,208	6,351,001	10.3
1877	491,038	18,710	823,785	6,627,944	6,735,114	5,911,329	12.2
1878	515,198	18,912	723,083	5,289,646	6,346,759	5,623,676	11.4
1879	595,918	19,153	497,031	4,923,875	6,103,359	5,516,328	8.1
1880	509,246	19,305	747,297	4,818,594	6,001,175	5,253,878	12.5
1881	504,912	19,277	865,820	5,031,780	6,443,922	5,578,102	13.4
1882	519,423	19,715	684,128	5,452,902	6,657,348	5,973,220	10.3
1883	532,874	19,875	696,478	5,676,546	8,378,180	7,681,702	8.3
1884	549,304	20,290	700,341	6,313,833	7,653,425	6,953,084	9.2
1885	559,606	20,639	802,103	6,519,928	8,100,449	7,298,346	9.9
1886	570,293	21,481	803,344	6,672,185	8,237,606	7,434,262	9.8
1887	570,293	21,481	802,411	6,946,949	8,306,479	7,504,068	9.7
1888	573,041	21,168	803,191	7,134,702	9,544,828	8,741,637	8.4

[10] Supt. of Public Instruction, *Report* (1914), pp. 616-617. The total of all receipts as set forth in the report from which these data are taken is not given, because it appears to contain amounts received from loans and balances carried over from previous years.

[11] Fiscal year ending first Monday in June.

The increase in the needs of the school system is best measured by the increase in the average number of children attending the schools. In 1874, as shown by the table, the number was 468,309; in 1888 it was 573,041, or an increase of 22.4 per cent. The number of teachers increased from 17,664 to 21,168 or 19.8 per cent, in the same period. If allowance is made for the expansion of curricula during this time and for the grading of many schools,[14] it would seem that the increase in the teaching staff had certainly not been as rapid as the increase in the need for teachers as measured by the growth of school attendance. On the other hand, it must be remembered that in 1874 the attendance in many schools was below the maximum that the teaching staff could care for. Although it is not possible to obtain an exact numerical equivalent of the need for teachers, the data presented show clearly that the teaching staff did not increase as rapidly as the total expenditure for school purposes, or the number of pupils.

The total expenditures for all school purposes, including the expenses of school boards and the cost of collecting taxes, as well as the payments for teachers' salaries, and for building purposes, show marked increases during the period under consideration. The total for 1888 was 39.4 per cent greater than that for 1874. In view of the increases in the purchasing power of money during the period 1874 to 1888, it seems clear that expenditures for school purposes increased somewhat more rapidly than the average number of children attending the schools. This is best shown by the increase of the annual expenditure per school child from $14.62, in 1874, to $16.66 in 1888. But the progress was not continuous. In 1875 expenditures increased to $15.73 per pupil, remained nearly the same for 1876 and then declined to $11.76 in 1880. In 1882 the amount paid out for each pupil, as indicated by the table, had increased and was $12.82. The minor fluctuations in the total of expenditures may be accounted for by irregularities in reports or by outlays for permanent improvements in a large number of districts in certain years and the absence of such operations in other years. The

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[12] The variations from year to year in the amount of the state appropriation—e.g., 1876 to 1879—are partly due to payment of a portion of the subvention due in one year in the succeeding year.

[13] The excess of total expenditures over the sum of the state appropriations and taxes locally is due to loans and miscellaneous revenue and in some instances to accumulated balances.

[14] It should be remembered that the data for Philadelphia are not included in this table.

downward trend from 1875 to 1880 can be explained only on the ground that the districts were economizing. But this does not necessarily mean that the schools were correspondingly less well officered and equipped, since throughout this period the purchasing power of money was increasing.

Turning now to the sources of revenue to meet increasing payments, we find that the state appropriation grew steadily until 1877, thereafter declined slightly until 1885, with the exception of 1881, and then again increased to nearly the level of the former year. The amounts paid in any given year do not, however, indicate accurately the state appropriations for that year, since lack of funds in the treasury or slowness of the districts in making proper reports, sometimes delayed the payment of the subvention due in any given year until the succeeding year.

The state appropriation constituted a slightly larger proportion of the total expenditures in 1888 than in 1874. It is evident, however, that it was not only larger absolutely in 1881 but also relatively more important as compared with the total expenditures, or with the local tax, than in any other year.

Moreover, the seven years 1876 to 1882 inclusive show a larger proportional contribution on the part of the state than any other similar period. The subvention, under the stimulus of the constitution of 1873, reached its greatest importance in 1881 and then declined, not because of an absolute reduction in amount but because of the steady growth of revenue from local taxation after 1880.

Beginning with 1889 the total appropriation for common schools shows substantial increases in every year but one until 1911. In 1889, 1894, and 1909 the amounts added were very large, and in no case before 1911 was the gain thus added lost in subsequent years.[15] The growth of expenditures for schools was not peculiar, since the same tendency is to be observed in other branches of public enterprise at about the same time. The year 1890 seems roughly to mark the beginning of a movement for a wider extension of state functions. The following table shows the progress of the school system for the years 1889 to 1916.[16]

[15] There is obviously a falling off in the years 1911-1916 from the amount reached in 1910. But the decrease is due to the diversion of a part of the subvention to educational purposes other than the common schools.

[16] Compare the data of the tables on pages 156 and 159 with the payments from the state treasury for common schools in Table III Appendix, which includes the amounts paid to Philadelphia. Note that the fiscal year of the state and of the school system are different.

THE AVERAGE NUMBER OF PUPILS ATTENDING THE SCHOOLS, THE NUMBER OF TEACHERS EMPLOYED, AND THE FINANCES OF THE COMMON SCHOOL SYSTEM, PHILADELPHIA EXCLUDED, 1889–1916[17]

Year[18]	Average number of pupils attending school	Number of teachers employed	State appropriation	Tax levied locally	Total expenditures	Excess of total expenditures over state appropriation	Proportion of total expenditures borne by state appropriation
1889	583,292	21,393	$1,207,010	$ 7,869,506	$ 9,544,928	$ 8,337,918	12.6%
1890	574,817	21,886	1,206,205	7,923,622	10,226,634	9,020,429	11.8
1891	592,249	22,231	1,564,604	8,961,138	10,416,631	8,852,027	15.0
1892	590,316	22,556	1,560,267	8,187,894	10,785,582	9,225,315	14.5
1893	610,422	23,085	2,901,117	7,776,102	12,087,089	9,185,972	24.0
1894	610,201	23,253	4,039,766	8,677,583	13,466,153	9,426,387	30.0
1895	666,102	22,993	4,432,647	2,598,543	14,301,574	9,868,927	31.0
1896	683,918	23,603	4,439,753	9,926,163	14,774,773	10,335,020	30.1
1897	711,111	24,174	4,389,030	9,351,011	15,240,126	10,851,096	28.8
1898	736,334	24,716	4,391,574	9,275,230	15,050,057	10,658,483	29.2
1899	729,892	25,358	4,637,585	10,078,541	15,497,251	10,859,666	29.9
1900	728,493	26,878	4,622,823	10,500,963	16,548,224	11,925,401	27.9
1901	720,116	26,453	5,291,154	10,887,613	17,087,953	11,796,799	31.0
1902	738,573	26,990	4,355,601	12,687,416	17,672,118	13,316,517	24.6
1903	751,000	27,683	4,658,210	17,781,590	18,984,474	14,326,264	24.6
1904	764,119	28,372	4,597,617	13,085,708	20,096,719	15,499,102	22.9
1905	788,542	28,428	4,576,413	14,866,554	22,312,059	17,735,646	20.5
1906	784,144	29,193	4,483,154	15,981,971	22,763,789	18,280,635	19.7
1907	788,759	29,249	4,525,546	16,756,672	23,904,291	19,378,745	18.9
1908	803,794	29,703	4,532,540	19,114,955	26,121,640	21,589,100	17.4
1909	841,887	30,248	6,108,263	20,758,275	29,707,148	22,598,885	20.6
1910	846,749	30,887	6,254,507	21,019,917	30,146,591	23,892,084	20.7
1911	872,475	31,518	6,043,815	22,172,202	32,897,212	26,853,397	18.4
1912	901,943	32,378	6,097,747	22,537,752	35,327,217	29,229,470	17.3
1913	910,048	33,228	6,040,780	25,461,020	38,019,390	31,978,610	15.9
1914	955,746	34,686	6,034,355	28,360,779	41,958,386	35,924,031	14.4
1915	990,551	35,928	6,153,125	27,329,842	46,844,449	40,691,324	13.1
1916	1,028,682	37,110	6,227,963	30,275,411	49,463,634	43,235,671	12.6

[17] From the *Report* (1916) of the Superintendent of Public Instruction, pp. 650-651.

[18] The fiscal year of the school system ended the first Monday in June until changed by the act of 1911. Thereafter the year of the report began on the first Monday in July. The data for 1912 are therefore for thirteen months, but this does not interfere

The most striking fact brought out by this table is the tremendous increase in the total expenditure for common schools. In 1916 this figure was over five times as large as in 1889. Local taxes also increased but at a slightly slower rate. The subvention, on the other hand, grew somewhat more rapidly than the total of all expenditures. The average number of children attending the schools increased 76.3 per cent during this period and the number of teachers employed increased 73.4 per cent. This increase in the number of teachers was accompanied by an augmentation of the salary budget from $5,044,385 in 1889 to $21,173,791 in 1916.[19] In 1889 the expenditures per pupil were $16.36, or about the same as in 1888, but beginning 1890 the amount paid out increased irregularly until in 1916 it amounted to $48.08. During this period the progress of expenditures is in marked contrast with that of the period 1874 to 1888. Not only have the per capita payments been much greater, but the additions to the total have been much more regular. The subvention on the other hand has fluctuated slightly, and since 1909 has been practically stationary in amount.

In 1889 the districts paid out $8.65 per child for teacher's wages.[20] In 1916 the expenditure for the same purpose amounted to $20.58 per child. This increase was due chiefly to higher salaries, as is shown by the fact that the monthly wages of male teachers increased from $35.57, in 1889, to $67.17, in 1916, and those of female teachers from $29.76 to $49.89.[21]

As was the case during the years 1874 to 1888, the principal source of the revenue required to meet the payments for schools was the local tax on real and personal property. In 1889 the local levies amounted to $7,869,506 and in 1916 to $30,275,411. Rapid as was the expansion of local taxation it did not keep pace with the growth of the state appropriation, which jumped from $1,207,010, in 1889, to $4,039,766, in 1894, and to $6,254,507 in 1910. In 1916 it amounted to $6,227,963, or about five times as much as in 1889, while the total of local taxation was only approximately four times as large as in the earlier year. The growth of local taxation was, however, far more steady than that of the subven-

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with the comparability of other years. See *School Laws and Decisions* (1913), sec. 2807.

[19] Supt. of Public Instruction, *Report* (1916), p. 650.

[20] This figure is found by dividing the expenditure for teachers' wages by the average number of children attending school. The objections to this method are obvious, but no better basis for the calculation is to be had.

[21] Supt. of Public Instruction, *Report* (1916), p. 650.

tion, and the result was that the proportion of total expenditures paid by the state fluctuated greatly. It was 12.6 per cent of the total in 1889 and six years later 31.0 per cent. Thereafter it remained fairly constant for seven years, until 1902, when it began to decline, slowly, at first, and then more rapidly as new objects for state expenditure increased their demands. In 1916 the subvention for common schools contributed almost exactly the same proportion of the total expenditures as in 1889.

The figures of the Auditor General, which include payments to Philadelphia, show more completely the increase of the subvention. In 1889, the total of all payments to common schools, not including the salaries of county superintendents, amounted to $1,642,764. In 1916 they amounted to $6,653,348, but in 1914 and 1915 the ordinary subvention declined.[22] The growth of the subvention from 1889 to 1916 has been much more rapid than the increase of the number of pupils or the number of teachers. For several years previous to 1916, however, the legislature made appropriation for various educational purposes such as vocational or industrial schools, the amount of which was deducted from the total of the common school grant. The result has been that the regular work of the common schools has been deprived of a part of the support that would otherwise have come to it. The amount of the state appropriation for common schools was $7.39, per child in 1910 and in 1916 only $6.05. The growth of both the number of children and the number of teachers has been more rapid than that of appropriation.[23]

Causes for the Increase of the State Subventions from 1889 to 1916

The most fundamental reason for the greatly augmented payments for the support of public schools has been the growth of interest in education on the part of the tax-paying public; but this is a nation-wide phenomenon, and probably not more marked in its manifestation in Pennsylvania than in many other states. In nearly every community the people have demanded better qualified teachers and better school buildings.[24] Libraries and laboratories have been improved and better mechanical equipment of all kinds has been introduced. In addition, the scope of the public schools has been expanded tremendously. In Pennsylvania, where it was once a question whether a majority of the people would

[22] See Table III, Appendix.

[23] Supt. of Public Instruction, *Report* (1915), p. 12.

[24] Cf. Cubberley, *School Funds and Their Apportionment*, pp. 15-16.

permit the establishment of elementary schools supported by taxation, high schools, vocational schools, and night classes for working people are now regarded as necessary parts of the public school system. As has been the case with nearly all other kinds of governmental activity, the existing service has been elaborated by introducing new departments and at the same time the work previously done has been performed more efficiently.

But the reasons just given for the growing cost of public education do not account for the relatively more rapid increase of the state's share in its cost in Pennsylvania. Writers on educational subjects, and especially those who deal with pedagogy and school management, have been inclined to regard state-wide taxation for the support of the school system as the logical result of public recognition of state-wide interest in the education of all the children within the state. Thus Professor Cubberley asserts that "the people of a whole state agree to pool their efforts, in part, to help maintain a good system of schools throughout the state, the wealthier communities helping the poorer ones to share the burden of maintaining that which has come to be generally recognized as existing for the common good of all."[25] The desire to equalize educational advantages, to give each child in the state the opportunity for a good education, and at the same time to equalize the burden of supporting the schools is undoubtedly one of the chief reasons for the existence of a subvention for education. But in Pennsylvania the relatively more rapid increase of the subvention, as compared with local taxation, has been caused chiefly by the demand of the local taxpayers that the property subject only to state taxation be made to bear a larger share in the cost of local governments. In Chapter VI it was pointed out that the augmentation of state subventions was one of the methods by which the General Assembly satisfied the demand of the rural communities for relief from taxation. Since the funds from which the subvention was derived were got by taxing corporations, a shifting of the burden of taxes upon different classes of taxpayers was thus accomplished.

The increase in the common school subvention was demanded by the agricultural interest as a means of reducing the burden of local taxation. During the legislative session of 1891, this demand was definitely put forward by the Grangers.[26] Ten years later a member of the General Assembly stated in debate that the interest of the rural communities

[25] P. 70. See also his Summary of Conclusions, no. 4, Ch. XVI, p. 250, and compare Strayer and Thorndike, *Educational Administration*, pp. 368-369.

[26] *Pittsburgh Dispatch*, 18 May, 1891, p. 1.

in the school appropriation was especially great because that was about the only means by which they could acquire a share in the revenues collected by the state.[27]

Two years later, in 1903, a senator stated that "The corporations, the railroads, pay a large part of the tax which is apportioned to school purposes and they do so, as I understand it, because they do not pay local taxation, and the local authorities pay the tax for maintaining the township, the schools, the roads, the borough and city expenses, and so in that way the state pays back to the school districts, a liberal amount toward the maintaining of the schools."[28] And, in 1910, the state superintendent pointed out that the amount of the state appropriation for schools was conditioned by the property subject to state and to local taxation.[29]

Additional evidence that the subvention to common schools has been regarded as a means of relieving the local taxpayer is to be found in the statement of the state superintendent in 1893. In his report for that year the superintendent laments that in too many districts the directors reduced the tax rate to less than one mill when the larger state appropriation became available in 1892 and 1893.[30] Again, in 1901, when the subvention had been further augmented, the same effect was apparent.[31]

A further reason for the growing subvention to common schools has been the prosperity of the state treasury. The state revenues are chiefly derived from taxes levied on transportation, financial, and insurance corporations, from the tax on inheritances, and from numerous business license taxes. With the growth of population and industry within the state these taxes became progressively more productive,[32] and the common schools participated, as did charitable institutions, in the increasing liberality of state expenditure.[33]

The Distribution of the Subvention to Common Schools

We have seen that the state appropriation for the assistance of the common schools was greatly increased after 1889. Not only were the

[27] Mr. Coray in the House of Representatives, 23 May, 1901, *Legislative Record*, p. 2666, col. 2.

[28] Mr. Sisson, in the Senate, 1 April, 1903, *Legislative Record*, p. 2607, col. 1. See also, statement of Mr. J. W. Morrow, in the House of Representatives, 23 March, 1897, *idem*, p. 915.

[29] *Report* (1910), p. xiv.

[30] *Report* (1893), p. viii.

[31] *Report* (1901), p. x.

[32] See tables on pp. 143,145, and 146.

[33] See *infra*, Ch. IX.

additions to the subvention large in absolute figures, but the rate of increase was greater in the case of the subvention than in the case of local taxation, or in the number of children attending the schools. It might appear, therefore, to the casual observer, that ample provision had been made, so far as the state was concerned, for the education of all the children. Such a conclusion would not, however, follow from the facts set forth in the preceding section. It would be faulty because it would assume that the appropriation was made directly for the benefit of the children. Actually the appropriation is made to the various districts. These districts then expend the funds appropriated by the state for the benefit of the children.

In order that a large subvention shall mean better educational opportunities for all the children of the state it must be so distributed that the weaker, or less wealthy districts receive enough aid to enable them to maintain schools that measure up to the minimum standard of elementary educational efficiency. An increase of the subvention will not, therefore, bring about the desired results if the method of distribution is such as to favor the districts that are already able to provide good schools, and to slight those that cannot provide them. To accomplish the best results, to make it possible for all the children to have access to good schools, liberal state aid must be accompanied by a proper method of distribution.[34]

When the large increases in the subvention to common schools were voted, in the years 1887 to 1893, the method of distributing the appropriation was left unchanged and the districts continued to receive their quotas in accordance with the number of taxables resident within each. Unfortunately, the effect of these increases was, therefore, further to aggravate the inequality of educational opportunities. For this result two causes are assignable. In the first place, the distribution of the subvention was such as to favor the wealthier districts. In the second place, the legislature took no action to compel the districts to use the funds derived by them from the state subvention to increase the efficiency of their schools.

Why the legislature failed to change the basis for distributing the state appropriation is not entirely clear. The method in use made the basis for distribution practically that of the number of inhabitants

[34] The most complete treatment of whole question of the distribution of state subventions to common schools is Professor Cubberley's *School Funds and Their Apportionment.* In this work a number of methods of distribution are explained and criticised.

on the assessment rolls. As early as 1866 it was clearly demonstrated to the General Assembly that this method worked to the disadvantage of the sparsely populated districts.[35]

In 1884 the Superintendent of Public Instruction, Higbee, made a strong argument in favor of distribution according to the average number of children in attendance. He asserted that the purpose of the subvention was the benefit of the children attending the schools. It followed, therefore, that it should be so distributed that the districts would receive aid in accordance with the number of children they contained.[36] Again, in 1891, Superintendent Waller reported that "The present basis [of distribution] yields so much in the wealthy and populous districts that the tax rate is often two mills, while in sparsely settled districts, where the schools must be kept open for few children widely scattered, the state aid is so small that even with the maximum tax rate of thirteen mills, it is difficult to maintain the schools six months."[37]

In the latter report the superintendent seems to have had two points in mind. First, the method of distribution employed favored the populous districts and discriminated against the sparsely settled ones. Second, where the sparsely settled districts were also lacking in taxable wealth, the maximum tax allowable by law did not yield enough revenue to maintain good schools. In wealthy districts, this might not, and probably would not have been true.

The effect of the method of distribution according to taxables was more accurately stated by the superintendent in 1896. In his report for that year, he showed that the method discriminated against those communities that had no industries to hold their adult population and favored those to which the young people drifted as soon as their school days were over.[38] In this statement the effects of the method of distribution are not confused with the results of differences in the taxpaying capacity of the various districts.

In spite of the perpetual war waged upon it by the state superintendent, the method of distribution according to taxables persisted until 1897. The change was slow in coming because of the conflict of interests

[35] See a statement by Mr. Householder, in the Senate, 17 January, 1866, *Legislative Record*, pp. 51-52. In debate in the same house, on the same day, Mr. Bingham of Pittsburgh admitted that distribution according to taxables favored the large cities. *Idem*, p. 52.

[36] *Report* (1884), p. xvii.

[37] *Report* (1891), p. vi.

[38] *Report* (1896), p. xxi.

of the various communities within the state. The more populous counties, such as Philadelphia, resisted interference with the existing order, which was advantageous to them. The representatives of the sparsely settled districts complained that they did not receive enough aid to enable them to keep their schools open for the minimum term. To this the representatives of the cities replied that many of the complaining communities received more from the subvention to schools than they paid in state taxes; that these districts were already more liberally treated than those that paid heavy personal property, license, or corporation taxes to the state; that although Philadelphia raised twice as much by local school taxes as was received from the state, her schools were overcrowded and large numbers of children were forced to attend school only half of the day because of lack of school buildings. To the last point the rural communities rejoined that the difficulty of providing schools in Philadelphia was due to the over-development of the high schools, which absorbed a disproportionate share of the revenues raised for educational purposes.[39] In brief, whenever a proposal to change the basis of distribution came up in the General Assembly the members voted as the interest of their districts dictated,[40] and for many years no change was possible.

In 1897 the legislature changed the method of distribution, but not without much resistance on the part of the representatives of the urban districts. One senator argued that since Philadelphia maintained schools for ten months each year she should receive a relatively larger share of the subvention than those districts whose schools were in session for a shorter term.[41] He also argued that any change that would reduce Philadelphia's quota, would interfere with the carrying out of a plan for the betterment of the schools, which that city had adopted, and, therefore, no such change could justly be made.[42] To these arguments a senator from a rural county replied that "the idea of a pupil in Philadelphia getting seven dollars and ninety-six cents and a pupil in Allegheny getting five dollars and ten cents, and a pupil in that much neglected and adjacent county—Beaver County—getting three dollars and eleven cents is outrageous . . . "[43]

[39] See Supt. of Public Instruction, *Report* (1896), p. xxi.

[40] *Ibid.*

[41] Mr. Osbourn, 21 April, 1897, *Legislative Record*, p. 1377.

[42] *Idem*, p. 1376.

[43] Mr. Critchfield, in the Senate, 21 April, 1897, *Legislative Record*, p. 1377.

Probably the strongest pressure for a readjustment of the method of distributing the subvention came from the organization of agriculturists known as the "Grangers."[44] They demanded that some scheme be adopted which would enable the rural communities to have better schools without levying oppressive taxes. Aided by the authoritative opinion of the state superintendent, the representatives of the rural districts succeeded in 1897 in forcing through the legislature a bill which increased materially the proportion received by the country districts. This law provided that after June 1, 1898, one-third of the state appropriation should be distributed on the basis of the number of teachers regularly employed and paid, one-third on the basis of the number of children between the ages of six and sixteen and one-third on the basis of the number of taxables on the assessment roll in each district.[45]

The effect of this change is difficult to determine. Changing standards for assessing property and lack of definite data for comparing efficiency in the conduct of the schools make conclusions based solely on the statistical reports of the districts hazardous. The opinion of the state superintendent is probably the best evidence at hand. Writing in 1901, four years after the passage of the law, he stated that the distribution of one-third of the appropriation according to the number of taxables still favored the cities and boroughs as against the rural communities; that the distribution of one-third according to the number of children between the ages of six and sixteen favored the urban centers; and that the distribution of one-third according to the number of teachers employed favored the rural districts.[46]

It is evident that the new scheme was the result of a compromise. The od method of distributing the subvention was undoubtedly retained for onle-third of the appropriation in order not to strike too severe a blow at the vested interests of the larger cities. For this motive no defense can be advanced except as a reason for introducing the change gradually. Distribution according to school population (or that part of it between the ages of six and sixteen years) obviously favored communities that were populous enough to make it possible to place the maximum number of scholars under each teacher. The new method of distribution did nothing, however, to equalize the tax burden between districts containing the same school population but having within their boundaries different amounts of wealth.

[44] Yetter, p. 103.
[45] Act 15 July, 1897, *P.L.* p. 271.
[46] *Report* (1901), p. iv.

That distribution according to the number of teachers employed should favor the sparsely settled communities is easily understood. A district that contained only three or four schools, in each of which only a dozen pupils were enrolled, received as much aid (from this one-third of the appropriation) as did other districts that employed the same number of teachers, but in which three times as many pupils were in attendance at the schools.

Although the act of 1897 was a victory for both the rural communities and the educators who desired a more rational method of distributing state aid, it was not regarded as a final achievement by either. In 1908 the state superintendent again entered a plea on behalf of the rural districts. In a few significant sentences he summed up the difficulties that stood in the way of the improvement of the rural schools. "The maxim: 'Equal school advantages for children all over the commonwealth' will always remain an iridescent dream, if the state does not vote a special appropriation to districts which, although levying the maximum school tax allowed by law, do not have money enough to keep their schools in operation during the minimum term of seven months. There are nineteen districts in which the schools were open six months; two districts in which the schools were open only five months. In all districts where the assessment of property is equal to its full value and where the maximum rate of tax does not suffice to run the schools during the minimum term, the state should come to the rescue of the children and give them school advantages equal to those of other districts. Although the law requires property to be assessed at its real value, the assessment varies from one-fourth of the market price up to figures in excess of what the property would bring at a forced sale. This variation in assessed values makes impossible any plan of distributing the school appropriation in which the millage or tax rate is the sole determining factor."[47]

It is quite clear that the superintendent was not deceived by the complaint of certain districts that they were unable to support good schools. A very high rate of taxation did not always mean that the districts imposing it were making great sacrifices to educate their children. It often meant that property was assessed at an unusually small fraction of its actual value, or that a portion of the taxable wealth was not assessed at all. But such conditions were probably not the rule. Hence the recommendation for more ample assistance for rural districts.

[47] *Report* (1908), p. xv.

Dissatisfaction with the method of distribution instituted in 1897 continued to manifest itself, and, in 1911, another plan was adopted.[48] The law of that year required one-half of the state appropriation to be distributed on the basis of the number of teachers employed and one-half on the basis of the number of children between the ages of six and sixteen residing in the respective districts.[49]

This arrangement was more advantageous to the sparsely settled districts than was the method adopted in 1897, but it did not solve the rural school problem. "The most perplexing educational problem of today," wrote State Superintendent Schaeffer, in 1914, "is the rural school. One-room buildings, erected years ago, poorly lighted, insufficiently heated, inadequately ventilated, having unattractive surroundings and inadequate playgrounds, can be found in many sections of the state. The attendance is small, the equipment is meagre, the isolation is forbidding and the teacher accepts the place because no position is open to her anywhere else. Impassable roads make centralization impossible. Sometimes the maximum tax levy allowed by law is insufficient to keep the schools in operation during the minimum term of seven months. Sometimes the lack of funds is due to a low assessment, or to an unwillingness to raise the tax rate."[50]

All attempts to bring about a regeneration of these schools have been unsuccessful. Lack of local interest, lack of taxable wealth, and lack of willingness to pay taxes all stand in the way of improvement. "What the rural school districts need now, above everything else, is more money for better buildings and better teachers, and better highways for the transportation of pupils."[51]

[48] In that year the General Assembly adopted the School Code. In addition to compiling the laws then in force, this act introduced a number of marked innovations.

[49] Act 18 May, 1911, *P.L.* pp. 309-461 at p. 420. The law reads as follows: "Section 2304. One-half [of the state appropriation shall be distributed] on the basis of the number of paid teachers regularly employed for the full annual term of the school district, not including substitute teachers, or teachers employed to fill vacancies which may occur during the school year; such number of teachers to be certified as herein provided.

"Section 2305. One-half on the basis of the number of children between the ages of six and sixteen residing in the respective school districts of the several counties of this commonwealth, as reported to the Superintendent of Public Instruction under provisions of this act."

This method of distribution is still in force. See *The School Code* (1917), pp. 122-123.

[50] *Report* (1914), p. 21.

[51] *Ibid.*

During the twenty years ending in 1916, there has been a marked tendency on the part of state superintendents to place a larger share of the blame for the failure of the common schools upon the people living in the districts where the less efficient schools are found. It has come to be recognized that a liberal state appropriation can make little improvement in localities where the population is indifferent to the need for better teachers and better equipment. If the statement just quoted is fairly indicative of the opinion of educators, the most promising remedy is centralization and not a larger state appropriation nor a different method of distribution. But centralization can scarcely accomplish all the reforms needed unless, at the same time, the inhabitants of the districts that stand most in need of improvement are aroused to an appreciation of their responsibilities as parents and as citizens.

Regulations Imposed by the State upon Districts Receiving the Subvention to Common Schools

During the years 1887 to 1916, while the annual state appropriations increased from about $800,000 to over $6,000,000, the state gradually made the conditions upon which the districts received the subvention more numerous and more exacting. The most important of these conditions was the requirement that districts which participated in state aid should keep their schools open for a specified length of time. This specified term was always a minimum, and, with certain exceptions, any district could maintain longer sessions if it so desired.

In 1872 the legislature increased the minimum term from four to five months. A way of escape was, however, left open for districts objecting to the expense of keeping their schools in operation for the additional month. The law provided that in case any district found the maximum tax permitted by law insufficient to finance a term of five months, the legal minimum should remain four months.[52] It is obvious that if the taxing authorities desired to evade the requirements of the law the way was open. If property was assessed for taxation at only a small fraction of its actual value, the school taxes might easily have reached the maximum rate allowed by law without yielding enough revenue to finance school terms of five months.

From 1872 to 1887 the minimum term remained unchanged. At various times the school officers advised the legislature that more regular and longer operation should be required,[53] but, since the legislature did

[52] Act 9 April, 1872, *P.L.* p. 46.

[53] See, for example, Supt. of Public Instruction, *Report* (1882), p. x; (1886), p. 106.

not desire to increase the subvention, it was probably unwilling to raise the requirement. In 1887, however, when a substantial increase was added to the state appropriation, the requirement was advanced to six months.[54] Like the act of 1872, that of 1887 permitted districts to receive the subvention without complying with the requirement for a term of six months, if they could show that they were already levying the maximum tax allowed by law.[55]

In 1891, when the legislature appropriated $5,000,000 annually for the common schools,[56] no increase of the school term was required. However, the more liberal state aid accompanied by larger tax revenues caused a majority of the districts to lengthen the school year. In 1887 the average length of term for all districts was 6.71 months and in 1895 it was 7.62 months.[57] But many districts retained the shorter term and the state superintendent strongly recommended that the minimum be increased.[58] During the 'nineties, the superintendent apparently refused to face the facts and wrote as though he believed that the principal purpose of the legislature in making larger appropriations was to increase the efficiency of the schools. As we have shown, however, the chief cause of the increased subventions at that time was the desire to relieve the local taxpayers. Naturally, therefore, the legislature refused to take any action, such as increasing the minimum term, that would offset the relief thus provided.

In 1897, when the proposal to change the method of distribution was before the General Assembly, a bill to increase the minimum term was also introduced. In favor of this proposal it was argued that the larger state appropriation should result in a longer period of schooling for all children. Opposition to the measure came from those who objected to increasing the tax burden of the owners of real estate.[59] It was urged against the bill that, since the additional appropriation had been voted to relieve local taxpayers, a requirement that the poorer districts should maintain schools for seven months would offset that relief.[60] In fact,

[54] Act 19 May, 1887, *P.L.* p. 139.

[55] *Ibid.*

[56] Act 9 June, 1891, *P.L.* p. 273.

[57] Supt. Public Instruction, *Report* (1914), p. 616.

[58] *Report* (1890), p. iv; (1891), p. vi.

[59] Mr. Hammond, in the House of Representatives, 23 March, 1897, *Legislative Record*, p. 916.

[60] Mr. Morrow, *idem*, p. 915.

a majority of the objections to the bill centered on the question of increased local taxation.[61] The opposition was strong enough to defeat the measure by a comfortable margin.

At the next session of the General Assembly, in 1899, the advocates of the longer school term succeeded in getting the minimum increased to seven months. The precedent established by the acts of 1872 and 1887 was again followed and districts that already levied the maximum tax were exempted from the seven months rule.[62] Although defeated in 1899, those who objected to placing additional requirements upon the districts returned to the fight in 1901. A bill was introduced in the House of Representatives to substitute the old minimum of six months. But the measure had no prospect of success and was indefinitely postponed.[63]

No further changes were made in this requirement until ten years later, when the School Code was adopted. By this act the existing minimum of seven months was retained for the rural districts, while longer terms were required of the districts that included the more densely populated parts of the state. School districts were divided into four classes according to population. Districts having a population of 500,000 or more, constituted the first class; those having a population of 30,000, to 500,000, the second class; those having a population of 5,000 to 30,000, the third class; and all districts having less than 5,000, the fourth class.[64] In districts of the first and second classes, the minimum term for both elementary and high schools was made nine months; in those of the third class, eight months; and in those of the fourth class, seven months.[65]

By this classification the more sparsely settled districts were partially relieved of the requirements placed upon the more populous sections of the state. Moreover, as has been explained,[66] the method of distribution was also modified in favor of the weaker districts at the same time. In short, the legislation of the years 1897 to 1911 gave the country communities the benefit of larger appropriations, as well as a larger proportion of these appropriations, and at the same time authorized them to receive the subvention by complying with easier conditions than those required of the city districts.

[61] See statements made in debate, in the House of Representatives, 23 March, 1897, by Martin, McNees, and J. C. Wilson, *Legislative Record*, pp. 912-913.

[62] Act 4 April, 1899, *P.L.* p. 31.

[63] *Legislative Record*, p. 2339, col. 2.

[64] Act 18 May, 1911, *P.L.* p. 310.

[65] *Idem*, *P.L.* p. 393.

[66] *Supra*, p. 169.

Another important aspect of the educational policy of the districts brought under the control of the state during the latter part of this period was the remuneration of teachers. When the annual appropriation was increased from $2,000,000 to $5,000,000, by the law of 1891,[67] the teachers throughout the state seem to have anticipated substantial increases in salaries. But only very moderate increases were provided by the boards of directors of the various districts.[68] During the years 1882 to 1887 the average monthly wage of male teachers increased from $34.35 to $37.10.[69] In 1895, after the liberal additions to the subvention, it had increased to only $41.78.[70] The average monthly wage of female teachers increased even less in absolute amount. It was $27.19 in 1882, $29.29 in 1887, and $32.70 in 1895.[71] Insofar as the average is a good index of the movement of wages, it is clear that the augmented subvention had little effect upon the pay of the teachers.

The reasons for the failure of the larger state appropriation substantially to benefit the teachers were two. In some districts the additional funds advanced by the state were offset by a reduction of the local tax rate; in others the money was extravagantly expended for the purchase of useless equipment; and in still others it was used to provide buildings or to pay off existing indebtedness.[72] An estimate made by the state superintendent, in 1893, placed the amount used for additional salaries at $702,000. About $778,000 went for building and rentals, and $1,072,000 for fuel and "contingencies," interest, and repayment of debts. The remainder of the $3,000,000 additional appropriation received in that year was supposed to have accumulated in the treasuries of the various districts.[73]

The declining proportion of the total payments going for teachers' wages in the various districts is exhibited in the following table:

[67] Sec. 10, Act 9 June, 1891, *P.L.* p. 273.

[68] Supt. of Public Instruction, *Report* (1893), p. viii. The superintendent complained that the subvention did not produce "the effects which ardent friends of the public schools had expected." These "effects" were a longer average school term and higher salaries.

[69] *Report* (1914), p. 616.

[70] *Ibid.*

[71] *Ibid.*

[72] *Report* (1893), p. viii.

[73] *Report* (1893), p. viii. These calculations were intended to account for the additional $3,000,000 payable for the school year of 1892-1893.

COUNTIES CLASSIFIED ACCORDING TO THE PROPORTION OF TOTAL COMMON SCHOOL EXPENDITURES PAID FOR TEACHERS' WAGES IN 1888 AND IN 1894

Classification of Counties	Number of Counties 1888[1]	1894[2]
Those paying 25% and not over 29.9%	0	1
" " 30% " " " 34.9%	0	0
" " 35% " " " 39.9%	0	2
" " 40% " " " 44.9%	2	10
" " 45% " " " 49.9%	4	8
" " 50% " " " 54.9%	5	29
" " 55% " " " 59.9%	16	14
" " 60% " " " 64.9%	20	3
" " 65% " " " 69.9%	15	0
" " 70% " " " 74.9%	5	0
Total number of counties included 67.[3]		

[1] Supt. of Public Instruction, *Report* (1888), Tabular Statement of Counties for the School Year ending June 4, 1888, pp. 186-193.

[2] *Idem, Report* (1894), Tabular Statement of Counties for the School Year Ending June 4, 1894, p. 531.

[3] Philadelphia is included.

The table shows that in 1888 forty of the sixty-seven counties paid out 60 per cent or more of their expenditures for teachers' salaries. In 1894, however, only three counties expended so large a proportion for that purpose.

It may be asked whether there was any justification for the demand for higher wages for teachers. This question the superintendent answered by pointing out that a majority of the teachers were not well enough equipped to serve the schools efficiently. And, in his opinion, the salaries commonly paid were too low to induce the typical school teacher to secure better general education or better professional training.[74] The latter opinion cannot, of course, be conclusively proved, but, in view of the fact that many teachers were paid less than twenty-five dollars a month, it cannot, on the other hand, be far from correct.[75]

[74] *Report* (1893), p. viii, *et passim.*

[75] Thus in Fulton County, in 1895, the average monthly wage of the 32 women teachers employed was $20.61. Supt. of Public Instruction, *Report* (1895), p. 396. In Wyoming County, the average for 89 women teachers was $22.19. Of the thirty districts in that county but ten paid an average wage in excess of $25.00 to women. *Idem*, pp. 572-573.

That the great body of teachers was not well trained is shown by the fact that more than one-third of the total number employed within the state had attended only the common elementary schools.[76] Over one-half held certificates of the lowest grade, and less than one-fourth were graduates of colleges, normal schools, academies, or seminaries.[77]

Insofar as the subvention was used to reduce taxes, the school officers were merely acting in accordance with the spirit of the terms of the compromise which was implicit in the revenue legislation of 1887 to 1893.[78] The additional subventions were made for the relief of the local taxpayer, and, therefore, the local authorities could not be blamed because they used them for that purpose. So, too, no evidence was presented by the state superintendent to show that the portion of the additional state aid which was used to pay off debts or to improve school buildings was unwisely expended.

On the other hand, there is evidence to show that the extra state money which came to many districts during the years 1889 to 1896 was extravagantly, or even dishonestly disbursed. The following quotation from the annual report of the superintendent for 1896 explains in somewhat lurid language the different ways in which the money was expended: "No sooner was our school appropriation raised to five million dollars than the sharks began to scent prey from afar. First came the agent with charts for teaching physiology, which were sold at high figures so as to permit, when necessary, the payment of large commissions to subagents and liberal fees to directors' sons for delivering the same to the various school houses in the district. . . . Next came the block man selling lumber at fancy prices in the shape of geometrical forms, which the skillful teacher constructs out of paper in so far as she needs them in the elementary school. Finally came the map man selling relief maps at one hundred dollars per set."[79] Of course, the superintendent did not pretend that all this equipment was worthless. It was, however, frequently neither well designed, nor well adapted for use in the elementary schools. In nearly every case the prices paid were too high. And, finally, such equipment was not a substitute for good teachers, which many of the districts lacked.[80]

[76] Supt. of Public Instruction, *Report* (1893), p. viii.
[77] *Ibid.*
[78] See Chapter VI, p. 150.
[79] *Report* (1896), pp. xix-xx.
[80] *Ibid.*

During the years following 1894, the average wages of teachers increased slowly but no substantial advance is shown until, in 1903, the legislature intervened with a minimum salary law. The trend of wages is shown in the following table:

AVERAGE MONTHLY WAGES OF MALE AND FEMALE TEACHERS, FOR ALL SCHOOLS IN PENNSYLVANIA, PHILADELPHIA EXCLUDED, FOR THE YEARS 1894 TO 1916[1]

Year	Average monthly wages		Year	Average monthly wages	
	Male teachers	Female teachers		Male teachers	Female teachers
1894	$41.84	$32.55	1906	$51.36	$38.92
1895	41.78	32.70	1907	52.82	39.47
1896	41.80	32.78	1908	59.66	45.92
1897	41.71	32.86	1909	60.65	46.60
1898	41.06	32.50	1910	61.94	46.99
1899	41.68	32.73	1911	62.75	47.41
1900	41.62	32.66	1912	63.65	47.93
1901	42.14	33.08	1913	64.45	48.21
1902	42.98	33.34	1914	66.71	48.86
1903	44.77	34.10	1915	66.94	49.47
1904	47.12	35.09	1916	67.17	49.89
1905	49.91	38.55			

[1] Supt. of Public Instruction, *Report* (1916), p. 650. The data of this table are open to the common objection to the use of the arithmetic average for wage comparisons. The figures are given as found in the *Report*. It is not probable that the data are accurate enough to warrant conclusions based upon small differences, but they are sufficiently reliable for very rough generalizations.

After the fall in the purchasing power of money began to reduce the real wages of teachers the demands of the state superintendent that salaries be increased became more insistent. In 1902 he advised the legislature that the substantially higher wages, which the teachers deserved, would come only through state action. In justification of his recommendation that a minimum salary law be enacted he pointed out that many of the most beneficial reforms of the school system had been

forced on the districts by state-wide laws. In his opinion, "The law has [had] always been a schoolmaster in Pennsylvania."[81]

In 1903 a bill was introduced in the legislature to require districts to pay their teachers a minimum salary. During the debate on the bill in the Senate numerous objections to the measure were advanced. One member protested that such a law would violate the established principle of home rule in local affairs.[82] Another opposed the measure because he believed that a law regulating wages would establish a dangerous precedent.[83] It was also asserted that the farming communities were unable to pay higher salaries, and that from one hundred to two hundred districts would be compelled to discontinue their schools.[84]

Arguments in favor of the bill were few in number but forceful. It was commonly asserted and generally admitted that the salary scale in country districts was often too low to attract competent teachers. Furthermore, it was not denied by the most determined opponents of the measure that many districts received from the subvention the major part of their salary budgets. The reports from the county superintendents for 1888 show that in no county did the total amount received by the districts from the subvention exceed 30 per cent of the salary budget.[85] In 1894, however, in all but twelve counties the state subvention exceeded 50 per cent of the salary budget, and in fourteen counties it exceeded 70 per cent. In two counties it exceeded 95 per cent.[86] Such were the facts for the year 1894, and conditions were not much different during the first half of the decade 1900 to 1910.[87]

In spite of the objections raised by the rural districts the bill became a law. This law required districts to pay at least thirty-five dollars a month to all teachers regularly employed.[88] Boards of directors or controllers were required to report under oath whether they had complied

[81] *Report* (1902), p. vii.

[82] Mr. Focht, 1 April, 1903, *Legislative Record*, p 2605, col. 2.

[83] Mr. Sisson, *idem*, p. 2607, col. 2.

[84] Mr. Cummings, *idem*, p. 2604.

[85] Supt. of Public Instruction, *Report* (1888), Tabular Statement of Counties for the School Year ending June 4, 1888, pp. 186-193. These data are for the districts of each county taken as a unit.

[86] *Idem*, *Report* (1894), Tabular Statement of Counties, for the School Year ending June 4, 1894, pp. 524-531.

[87] See a statement by Mr. Young, in the Senate, 1 May, 1907, *Legislative Record*, p. 3804, col. 2.

[88] Sec. 1, Act 9 April, 1903, *P.L.* p. 162.

with the provisions of the act,[89] and if any district failed to observe the requirements of the law it thereby forfeited its share in the state appropriation for the year in which its non-compliance occurred.[90] The effect of this law is quite apparent from the data given in the table on page 176.

In 1907, when the annual state appropriation for common schools was increased to over $6,000,000,[91] another minimum salary act was passed to insure that the funds would be used to increase the efficiency of the schools. By this law the districts were required to pay $50.00 a month to all teachers who held professional or permanent certificates, and who had, in addition, received from county or district superintendents a certificate of proficiency, which was based on two years' successful teaching. The minimum wage for all other teachers was increased to $40.00 a month.[92]

As in 1903, the representatives of some of the rural communities objected to imposing on the poorer districts the additional expense that would result from the payment of higher salaries.[93] Objections from this source were, however, overcome by providing that the state should pay any additional expense imposed on the districts by the new law. The amount necessary for this purpose was to be deducted from the total appropriation for common schools before it was apportioned to the districts, and the remainder was then to be distributed in the usual manner.[94] It was estimated that the additional aid thus provided for the poorer districts would amount to $856,000.[95]

Two highly desirable results came from the act of 1907. In the first place the districts were able, with the aid of the state, to pay higher salaries. In the second place the higher salary which the districts were required to pay to those holding professional or permanent certificates

[89] Sec. 2, Act 9 April, 1903, *P.L.* p. 162.

[90] Sec. 3, *idem*.

[91] Sec. 8, Act 14 June, 1907, *P.L.* pp. 790-791. Section 8 of this act appropriated $15,000,000 for the support of education during the two years 1907-1909. After deducting the amounts voted for students in normal schools, for high schools, and for the salaries of county superintendents, the annual appropriation remaining for the common schools was $6,245,000. This was subject, however, to a number of minor deductions not enumerated in the appropriation bill.

[92] Act 31 May, 1907, *P.L.* p. 336.

[93] See statements of Mr. Snyder, *Legislative Record*, p. 3804, col. 3; of Mr. Hitchcock, *idem*, p. 3803, col. 2; and of Mr. Carrol, *idem*, p. 3805.

[94] Sec. 3, Act 31 May, 1907, *P.L.* p. 336.

[95] Supt. of Public Instruction, *Report* (1907), p. vii.

and certificates of proficiency caused many teachers to seek to meet these conditions. The effect of the law was thus to give the teacher a strong incentive for improving his educational and professional training.[96]

A further increase of minimum salaries at some indefinite date in the future was provided for in the School Code of 1911. Section 1211 of the Code required the minima to be raised to $55.00 and $45.00, respectively, as soon as the General Assembly should provide the funds necessary for such increases.[97] In 1917 the legislature again took up the question of minimum wages. Teachers were divided into three classes as follows: (1) Those holding provisional certificates; (2) those holding professional or normal school certificates; and (3) those holding permanent certificates or final normal school diplomas. Teachers of the first class must be paid a minimum of $45.00 a month; those of the second class $55.00 a month; and those of the third $60.00 a month.[98]

As a result of this legislation, the monthly wage of practically all the teachers has been brought up to the minimum rates. Unfortunately however, too many districts seem content to employ teachers who cannot qualify for the higher rating which entitles them to the higher salary scales. In 1914, forty-seven out of the sixty-seven counties in the state reported that the average wage for female teachers was less than fifty dollars, and in two counties the average wage of male teachers was below that figure.[99] In Fulton County, for instance, eight of the twelve districts reported the average wages of women teachers as exactly $40.00 a month. These districts employed 29 of the 41 women teaching within the county.[100] This was an especially backward county, but many other counties that did not have large towns within their borders showed but slightly higher wage rates. The facts are obvious: rural districts are unwilling to tax themselves in order to employ first-class teachers.

That the districts which refuse to increase salaries, are actually overburdened by taxation may well be doubted, although irrefutable evidence to substantiate this conclusion is lacking. In 1914 a committee of the State Educational Association published some fragmentary data with reference to the ratios of the assessed to the actual sale values of property

[96] Supt. of Public Instruction, *Report* (1908), pp. vi, 111.

[97] Act 18 May, 1911, *P.L.* p. 374.

[98] Act 28 July, 1917, *P.L.* 1235.

[99] Supt. of Public Instruction, *Report* (1914), Tabular Statement of Counties for the School Year ending July 6, 1914, pp. 612-613.

[100] *Idem*, p. 496.

taxable for school purposes. In so far as these data are accurate they show that high rates of taxation are to be found in those counties that assess property at much less than its actual selling value.

RATIOS OF ASSESSED TO SALE VALUES, AND THE AVERAGE RATES OF TAXATION FOR SCHOOL PURPOSES IN CERTAIN PENNSYLVANIA COUNTIES, 1914

County	Percentage of real value actually assessed[1]	Average rate of taxation for school purposes (mills on the dollar)[2]	County	Percentage of real value actually assessed[1]	Average rate of taxation for school purposes (mills on the dollar)
Adams	60-80	5.15	Lancaster	75	4.44
Allegheny	80	6.34	Lawrence	55-60	7.71
Armstrong	33⅓	10.72	Lebanon	100	5.04
Blair	66⅔	8.81	Luzerne	70	7.87
Bradford	75-80	8.92	Lycoming	40-60	11.51
Bucks	75	5.86	McKean	66⅔	14.90
Butler	50	8.35	Monroe	66⅔	8.26
Cambria	100	6.34	Montgomery	70	5.79
Carbon	60	7.84	Northampton	66⅔-75	6.63
Center	66⅔	10.02	Northumberland	60	8.00
Clarion	50	10.00	Perry	85	6.50
Clinton	50	8.17	Pike	33⅓	10.66
Columbia	55-65	9.93	Potter	75	12.86
Crawford	50	8.37	Schuylkill	45-50	12.47
Cumberland	70	6.42	Somerset	66⅔	11.19
Dauphin	100	6.89	Sullivan	33⅓	18.15
Elk	25	17.93	Susquehanna	33⅓	16.85
Erie	60	8.23	Tioga	75	8.92
Forest	33⅓	14.11	Union	75	4.46
Franklin	70	4.73	Warren	33⅓-50	11.77
Huntingdon	40-60	12.98	Westmoreland	80	8.71
Indiana	33⅓	10.92	Wyoming	50	11.65
Jefferson	60	11.52	York	66⅔	5.98
Lackawanna	70-75	7.12	Philadelphia	95	5.00

[1] From Pennsylvania State Educational Association's *Report on Rural Schools* (1914), p. 101.

[2] Supt. of Public Instruction, *Report* (1914), pp. 612-613.

The table, which represents forty-eight of the sixty-seven counties in the state, shows that in a majority of those counties reporting high average rates of taxation the assessed valuation of property was less than one-half its real or full sale-value. It may be assumed that all tax rates above 10 mills are abnormally high (the average for all the counties, in 1914, was 8.73 mills on the dollar). In eleven counties imposing these rates property was assessed at less than one-half its real value. In five the percentage of real value actually assessed was over fifty, and in two it was exactly that figure.

There was no clear correlation between low assessment, high tax rates, and low salaries for the year 1914 for which the figures are given. Some counties such as Armstrong, Huntingdon, Pike and Sullivan, which had low assessed valuations and high tax rates, paid their teachers very low wages. But in other counties where low assessment and high tax rates prevailed, as in Elk, Forest and Schuylkill the wages were as high or higher than the average for the state. Furthermore, in counties where the assessment was fairly high and the tax rate low, as in York and Adams, wages were below the average.

In so far as the figures warrant any conclusion, we may say that high rates of taxation for school purposes are likely to be accompanied by under-assessment of property. But under-assessment is not always accompanied by low teachers' wages.

The discussion of methods of distributing the state appropriation and of attempts to induce the localities to improve the schools by maintaining longer terms and by paying better salaries to teachers, gives rise to some significant conclusions. In the first place, it is evident that a subvention to common schools is not a desirable method of equalizing the tax burden upon the different types of property that are taxed by the state and by the localities. There is no necessary relation between the amount of property subject to state taxation that a district may contain and the needs of that district for revenue for school purposes. And no system of distributing school funds that has been tried in Pennsylvania has involved an attempt to work justice between the localities in this matter.

Another objection to this method of equalization is its tendency to impede the use of the subvention for raising the standard of the schools. If the localities are told, as they were in Pennsylvania in the early 'nineties, that the subvention is a substitute for local taxation of corporate wealth, it becomes very difficult to prevail upon them to use additional appropriations for improvements, even after they have reduced the local

tax rate to a fair level. If all the people in the districts were tax payers and if all were desirous of improving the common schools this might not be the case. But when the impression gets abroad that the state subvention is to be used for the relief of local taxation people are likely to forget that it is also intended as assistance in raising the standard of elementary education. Moreover, if a large proportion of those whose children attend the schools pay no taxes, it is but natural that the taxpayers should seek to shift the burden of supporting education.

A third objection arises from the fact that where the funds for making the subvention are derived from special state taxes upon railroads, banks, and the like, such funds must, in justice to the owners of the property subject to state taxes, be limited by the burden imposed upon property subject to taxation by the local authorities. A state and its subordinate divisions cannot, generally speaking, justly tax the property or the income of the owners of bank, railroad and other corporation securities at a higher rate than they tax the property or income of the owners of real estate.[101] When, therefore, the rate of taxation upon the incomes of security holders has reached the average rate imposed by the localities upon other property or income, no increase of the subvention is possible, except as the wealth subject to state taxation increases. Yet it may be highly desirable to increase the state appropriation for common or other schools.

A further conclusion is that an increase of the subvention does not result in a state-wide improvement of the service aided, unless it is accompanied by regulations that make conformity to certain standards of performance an absolute prerequisite for participation in state aid. It has been the experience of Pennsylvania that too often the additional state appropriations have either been extravagantly expended or used to relieve the residents of the districts of responsibility for supporting schools. In short, in many cases the state money pauperized the districts receiving it.

Finally, the history of the subvention to common schools in Pennsylvania shows that in making regulations for the districts the state is more likely to follow than to lead. The minimum term was advanced only after a majority of the districts had already been keeping their

[101] This statement assumes (1) that the rates of public service enterprises are reasonable; (2) that, as is usually the case, there is no reason to suppose that all the stockholders are wealthier than the owners of property taxed locally; (3) that the corporations are conducting businesses to which no objections can be raised on the grounds of health, morals or general welfare.

schools open for a period as long or longer than the new minimum. So too, in the case of the minimum salary acts, the law did not set the pace for the majority of the districts; it only assisted the laggards.

In addition to the regulations concerning the length of the school term and the salary of teachers, a number of less important restrictions were imposed by the state during the four decades under consideration. Among those minor regulations the most important is that which provides for the compulsory attendance of children at some school for a portion of each year.

Although the superintendent had pointed out, in 1874, that a large number of children was being denied the benefit of education, no action was taken by the legislature until 1895, when the first law compelling attendance was enacted.[102] The law was not universal in its application, since a number of exceptions were made through which a parent might legally refrain from sending his child to school.

In 1901, an entirely new act was passed, which not only required the attendance of all children between the ages of eight and sixteen years, but also placed in the hands of the state superintendent a means by which compliance with the law might be enforced. He was empowered to withhold one-fourth of the state appropriation due any district whose officers neglected or refused to enforce this law. As in the act of 1895, the law permitted some exceptions and attendance at a private school was equivalent to attendance at the public schools.[103]

The School Code of 1911 provides that all children between the ages of eight and sixteen years shall attend a day school in which the "common English branches" are taught.[104] The exceptions to the requirement include cases where children are prevented from attending school on account of "any mental, physical, or other urgent reasons."[105] Children between the ages of fourteen and sixteen may be excused from attendance if they can "read and write intelligently" and are employed in a useful and lawful service. Enforcement of the law is intrusted to the local authorities, but the state superintendent is authorized to withhold all

[102] Act 16 May, 1895, *P.L.* p. 74.

[103] Act 11 July, 1901, *P.L.* pp. 658 ff.

[104] Sec. 1414, Act 18 May, 1911, *P.L.* pp. 383 ff. Regular daily instruction in the English language by a private tutor is declared to fulfil the requirements of the act if such instruction is considered satisfactory by the county or district superintendent having jurisdiction.

[105] Sec. 1415, *idem*, p. 384.

or any part of the state aid due a district whose officers refuse or neglect to enforce the law in a manner that meets with his approval.[106]

Another matter that has been made subject to state regulation in recent years is the sanitation of school buildings and grounds. The School Code of 1911 contains a number of sections dealing with this subject. The ultimate authority in determining whether the district officers comply with the law is the state superintendent. He is given the power to condemn as unfit for use, on account of insanitary or other improper conditions, any school building or school site. If the district fails to remedy the conditions deemed improper, he may withhold all or a part of the district's share in the annual state appropriation.[107]

There is some evidence to show that the State Board of Education is active in calling the attention of the localities to insanitary or undesirable conditions existing in or about school buildings. In 1914 the state superintendent reported that pressure from the board had caused a number of districts to make needed improvements.[108]

No minimum requirement as to the rate of taxation that a district must levy for school purposes has been imposed, except in districts of the first class. Since this class includes only those districts having a population of 500,000 or over, the application of the law is obviously limited.[109] The state has, on the other hand, been very careful to prescribe maximum rates. In districts of the first class the maximum is six mills on the dollar; in those of the second class (population 30,000 to 500,000) it is twenty mills, and in all other districts it is twenty-five mills.[110]

Audit of the accounts of the local school boards remains in charge of local officers. The state has, therefore, only an indirect audit of the accounting for funds appropriated by it for the support of the schools. Minor irregularities doubtless exist. But the practice of gross frauds, such as occurred previous to 1854, is no longer in evidence. The requirement of elaborate reports and the presence of the county and district superintendents seem to be effective checks upon the directors.

There exists, of course, a large number of regulations in addition to those we have considered. They do not, however, directly concern the financial

[106] Sec. 1431, Act 18 May, 1911, *P.L.* p. 389.

[107] Sec. 1017, *idem*, *P.L.* pp. 360-361.

[108] *Report* (1914), p. 3.

[109] Districts of the first class must levy at least five mills on the dollar, but not over six mills. Sec. 524, Act 18 May, 1911, *P.L.* p. 337.

[110] *Ibid.*

relations of the state to the school system nor is the subvention used as a means to enforce their observance by the districts.

State Aid to High Schools

The establishment of high schools in Pennsylvania preceded the first special state appropriation for their benefit by more than sixty years. Philadelphia was authorized to organize and to support a Central High School in 1836.[111] Several other cities very early opened schools that provided instruction in the more advanced subjects. All these advanced schools were assisted by the state through the subvention to common schools. This came about because the legislature did not limit the use of the state appropriation to the support of the elementary schools. A district's proportion depended upon the number of taxables it contained, and after the funds were paid over to the local officials, there was nothing in the laws to prevent their being used to support both elementary and secondary education. The state superintendents seem, during the period before 1857, to have been well aware that a portion of the state's money was being used by the cities to finance high schools. But these officers were far from objecting to a practice that, though probably not contemplated by the laws, was productive of desirable results.[112]

During the period before 1874, certain cities were given the power by special laws to provide for high schools, and in 1887 the legislature passed an act that authorized all cities and boroughs to establish and maintain them.[113] In 1895 the legislature authorized the directors or controllers of any school district to establish a high school.[114] Two or more townships (i.e., rural districts) were permitted to co-operate in forming a joint high school. When any township high school was established and when provision had been made for instruction in branches required by the state superintendent, it became entitled to state aid.[115] According to this law the high schools were divided into three classes, or grades, depending upon the number of years required to complete the course.[116] It was six years, however, before the legislature made an

[111] Wickersham, p. 343.

[112] Wickersham, p. 272.

[113] Act 13 May, 1887, *P.L.* p. 104.

[114] Act 28 June, 1895, *P.L.* p. 413.

[115] *Ibid.*

[116] High Schools providing a four year course ....1st class.
" " " three " " ....2nd class.
" " " two " " ....3d class.

First class schools were entitled to $800 annually, second class, $600, and third class, $400. Act 28 June, 1895, *P.L.* p. 413.

appropriation to carry into effect the provisions of the act of 1895.[117]

An act, passed in 1901, permitted any township that centralized its schools to provide a high school.[118] In the same year $50,000 was appropriated for the aid of all township high schools,[119] but this appropriation proved inadequate to meet all the applications coming to the state superintendent from schools able to meet the requirements. Only 75 per cent of the amount to which each school was entitled by law was actually paid during the year 1901-1902.[120]

The superintendent was of the opinion that this appropriation, though small and inadequate, was very effective for good results. It not only gave many of the children in rural districts the benefit of a better education, but also awakened public interest in matters educational by assisting the people to improve the schools.[121] "The schools," he wrote, "make progress whenever the state's money stimulates local sacrifice; they deteriorate whenever the state appropriation is used to reduce local taxation or is squandered in the purchase of fanciful apparatus and other questionable appliances."[122] Whatever we may think of the latter proposition, we must give unqualified assent to the former. The subvention to schools has accomplished most in Pennsylvania when it has been offered as a premium to localities that were willing to make some sacrifice in order to introduce improvements.

In 1902 only 66 districts, or co-operation districts, were reported as eligible to receive the subvention to township high schools.[123] But in 1903 the number was 121.[124] Since that date the increase has been rapid.[125]

Borough high schools were not assisted until 1907, when the legislature appropriated $230,000 to be distributed among them according to the plan determined upon in 1895.[126] In that year township high schools were voted $275,000.[127] The progress of the subvention to high schools is shown in the Table III, Appendix.

[117] It was not repealed until 1911, when the school code was enacted.
[118] Act 25 April, 1901, *P.L.* pp. 105-106.
[119] Sec. 8, Act 18 July, 1901, *P.L.* pp. 838-839.
[120] Supt. of Public Instruction, *Report* (1902), pp. vi-vii.
[121] *Idem*, p. vii.
[122] *Ibid.*
[123] *Idem*, p. vi-vii.
[124] *Idem*, *Report* (1903), p. viii.

The Subvention to Normal Schools; Its Abandonment for State Ownership

When the law authorizing the state normal schools was enacted, in 1857, it was believed that institutions for training teachers would be financially successful under private control. Within a few years, however, the legislature began to make lump-sum grants to such schools as were already in operation, and to others as they were opened and recognized by the state superintendent. This policy was adhered to until 1913, when provision was made by the General Assembly to buy out the stockholders of the various corporations controlling the thirteen institutions then in existence.

The princpal reasons for this change in the state's policy were as follows: In the first place, the state, by 1913, had become the owner of the largest equity in the property of the schools, but was represented by only one-half of the membership of each of the boards of trustees. Secondly, the fact that these schools were privately owned by corporations ostensibly organized for pecuniary gain, made appropriations to them objectionable to many people. Thirdly, the fact that the representatives of the stockholders practically controlled the boards of trustees placed many difficulties in the way of developing the institutions so as to render the maximum service to the state system of common schools. Fourthly, the absorption of the normal schools was a logical

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[125] The following data concerning the state aided high schools were given by State Superintendent Schaeffer in 1910:

Year	No. of Township High Schools Aided	Year	No. of Township High Schools Aided	No. of Borough High Schools Aided
1902	66	1907	303	
1903	124[1]	1908	311	411
1904	164	1909	341	474
1905	197	1910	332[2]	508[2]
1906	235			

[1] Note that this figure does not agree with that given by the *Report* of 1903, p. viii.

[2] "Estimated."

[126] Sec. 8, Act 14 June, 1907, *P.L.* p. 790.

[127] *Ibid.*

step in the consolidation of the school system, which has been a marked feature of Pennsylvania's recent educational history. Finally, no satisfactory method of distributing the state appropriation had been discovered, and because of political conditions none seemed likely to be found in the near future.

Among these five reasons for discarding private ownership and operation with state aid, the first and last are easily the most interesting to the student of public finance. The history of the growth of the state appropriation and the failure of the legislature to distribute it so as to secure the largest gain for the public are illustrative of the difficulties in the way of a successful subvention to private institutions.

The appropriation made directly to the normal schools was usually designated, or at least intended, to be used to pay off the existing indebtedness of the corporation, or to aid it in erecting buildings.[128] The amount paid to each school from the date of its organization to 1898 is shown in the following table:

THE AMOUNT OF DIRECT AND SPECIAL STATE APPROPRIATIONS THAT EACH NORMAL SCHOOL RECEIVED FROM THE DATE OF ITS ORGANIZATION TO 6 JUNE, 1898[1]

District	Location	Date of recognition	Amount received from the state
First	West Chester	1871	$ 212,500
Second	Millersville	1859	262,500
Third	Kutztown	1866	220,000
Fourth	Wast Stroudsburg	1893	72,500
Fifth	Mansfield	1862	287,500
Sixth	Bloomsburg	1869	282,500
Seventh	Shippensburg	1873	264,500
Eighth	Lock Haven	1877	314,000
Ninth	Indiana	1875	235,500
Tenth	California	1874	214,500
Eleventh	Slippery Rock	1889	192,500
Twelfth	Edinboro	1861	200,000
Thirteenth	Clarion	1887	192,500
Total			$2,951,000

[1] Supt. of Public Instruction, *Report* (1898), p. xxiv.

[128] This appropriation should not be confused with the appropriation made to students in these schools.

When we consider that in a majority of cases these appropriations were scattered over a period of thirty-five years, and that the total for all schools amounted to less than $3,000,000, it cannot be said that the state has been lavish in its appropriation policy. In fact, if the grants to these institutions are compared with the amount of aid given to privately owned charitable institutions, they seem small indeed.[129]

But the normal schools also received aid indirectly in another way. Students who were willing to agree to teach a certain length of time in the common schools received from the state treasury a substantial appropriation for paying their tuition at any of the recognized normal schools. No doubt many of these students would not have attended the schools had not the state assisted them. And to the extent, therefore, that they were induced to attend, the state provided pay pupils. Table III, Appendix, gives the combined payments for direct aid to the schools, and for students' tuition. But even this total appears small when compared with the payments to charitable institutions.

By 1878 the state had appropriated about $520,000 directly in the aid of the schools, and $208,527 for the assistance of students.[130] Of the former amount $320,000 had been secured by mortgages recorded in the name of the state.[131] The amount appropriated by the state represented a large part of the investment of the schools in sites and permanent buildings.[132]

The distribution of the subvention among the various schools was usually provided for in the appropriation bill. Sometimes the amount going to each school was named in the bill, and not infrequently some institutions received more than others; sometimes the bill appropriated a lump-sum and divided it equally among the schools; and sometimes an ex-officio committee of state officers was required to distribute the subvention in any manner it deemed best.[133]

In 1876 the last method was followed by the legislature in making the appropriation. The committee, which was composed of the Governor, the Attorney General, and the Superintendent of Public Instruction, apportioned the money in accordance with the principle that the in-

[129] See Chapter IX.

[130] Supt. of Public Instruction, *Report* (1878), p. xi.

[131] *Ibid.*

[132] *Idem*, (1877), p. xi. The two reports cited in this and the preceding footnote make conflicting statements as to the amount appropriated by the state. The difference is over $25,000.

[133] *Idem*, (1877), p. xi; (1882), pp. xv-xvi.

stitutions most heavily in debt should receive the largest amount of aid. In defense of this plan it was urged that the schools thus favored had the finest equipment and were, as schools, in a flourishing condition; and that immediate aid was necessary in some cases to keep them from falling into the sheriff's hands and being sold to satisfy obligations to private creditors.[134] The committee required each school to execute a mortgage in favor of the state for the amount it received. Six institutions were also required to use the money received to pay off their indebtedness, to raise by private subscription an amount equal to one-fifth of the state aid and to use it for the same purpose. Four other schools were required to agree to use the amounts received to increase their buildings and equipment.[135]

This method of distribution did not, however, give satisfaction. In 1882 Higbee, who had recently become state superintendent, pointed out that to aid most liberally the most heavily indebted schools was to put a premium on lax management and extravagance.[136] Without doubt, Higbee's criticism was sound as applied to the particular case. But the method of distribution that the legislature usually followed from then until 1913 was open to the same objection as well as to others quite as serious. During the remainder of the period the total appropriation for direct assistance to normal schools was divided equally among the institutions receiving it. Such a basis of distribution ignored alike differences in the needs of the various schools, efficiency or lack of efficiency in their management, and differences in the services they rendered the state.

It persisted, however, because equal distribution avoided friction and charges of favoritism in voting the appropriation. It was also the result of an agreement among the trustees of the schools. In order to pass the appropriation bill over the opposition of those who objected to using public funds to aid private concerns, it was necessary to secure harmony among the representatives of the schools. This was accomplished by making an impartial and equal division of the appropriation.[137]

The state attempted to control the schools, partly by appointing members of their boards of trustees, and partly by giving the state

[134] Supt. of Public Instruction, *Report* (1877), p. ix.

[135] *Idem*, pp. ix-x.

[136] *Idem*, *Report* (1882), pp. xv-xvi.

[137] Statement of Mr. D. J. Walker, principal of the Bloomsburg Normal School, in a paper read at the Annual Meeting of the Board of Principals of the State Normal Schools, *Proceedings* (1907), pp. 9-11.

superintendent certain powers of supervision over them. By a law of 1875 it was provided that six of the eighteen trustees of each institution should be selected by the state superintendent from a list of twelve nominated by the stockholders. But if the superintendent found fewer than six of the nominees acceptable, he was authorized, with the consent of the governor, to appoint men whose names were not on the list. Of course, the mere right to appoint one-third of the board did not give the state complete control in any matter that came to a vote with the entire board present. But this law also required a majority of three-fourths of those present to pass any motions upon which the ayes and noes were called for.[138]

This rule proved unacceptable and at the next session of the legislature its application was limited to questions involving the sale or purchase or mortgaging of real estate, or the expenditure of the state appropropriation for a purpose not specifically designated by the legislature or for the surrender of the franchise of the corporation.[139] Later the state sought to increase its control by increasing its representation on the boards to one-half the membership of each.[140]

But even with increased representation, this method of control proved largely ineffectual in important matters. This was true because, for many years, the state's representatives were appointed from among the stockholders of the institution, a choice that was practically unavoidable when a majority of the prominent men in the district were also stockholders. Later this practice was discontinued.[141]

But the principal defect in the method was inherent in the decentralized district-system under which the schools operated. With thirteen separate boards, each of which was an independent body, practically no uniformity was possible in matters of financial policy, qualifications of teaching staff, or efficiency of instruction. Furthermore, since the boards were local in character, local politics and local jealousies often dictated their policies and reduced the efficiency of the schools.[142]

The other method of control, that of giving the state superintendent the authority to approve or reject the curricula of the schools and to

[138] Act 12 April, 1875, *P.L.* 43.

[139] Act 24 March, 1877, *P.L.* p. 37.

[140] Supt. of Public Instruction, *Report* (1910), p. x.

[141] *Ibid.* The superintendent states that when the schools were established practically every man of means took stock. His defense of the practice described above seems a little weak.

[142] *Ibid.*

name the board of state examiners, which passed upon applicants for graduation, was undoubtedly more effectual for influencing standards of performance. But it did not apply to the financial policies of the schools.

By 1913 the total indebtedness of the corporations controlling the schools amounted to $2,604,859.[143] Of this amount $1,624,587 was owed to the state and secured by mortgages, while the remainder was due individual creditors.[144] Now it had been thought during the years 1874 to 1887 that the appropriations made by the state would enable the schools to clear themselves of debt; and during the period the tendency was for them to pay off the claims of private persons. But from 1899 to 1913, however, just the reverse was true. In the former year the total indebtedness of all the schools to individuals was about $351,000.[145] During the next four years the amount of such indebtedness increased nearly threefold, in spite of the fact that the legislature assisted directly with appropriations.

The cause of the growing debt was apparently the need for new buildings and additional equipment. The money for these improvements could not, apparently, be secured by increasing the stock of the corporations; for, although the schools were privately owned, they were not profitable investments for the stock holders. In 1899 the amount of stock held by individuals as reported by the state superintendent was $383,440, and in 1913 it was $323,928.[146]

The problem confronting the trustees of the schools and the state was how to provide for progress. The state could hardly be expected to appropriate more liberally as long as it had so little actual control over the conduct of the schools. Yet, on the other hand, it was impossible to enlist the support of private capital in such an unprofitable undertaking. The solution reached by the legislature in 1913 was to buy out the interests of the stockholders and to make the schools state institutions.

The act of that year provided that $400,000 should be placed at the disposal of the State Board of Education for the purpose of purchasing such schools as they might select. The board was not permitted, however, to distribute to the stock holders of any school an amount in

[143] Supt. of Public Instruction, *Report* (1913), p. 611.

[144] $668,343 of the amount due individuals was secured by mortgages; the re-remainder was in the form of floating indebtedness.

[145] Supt. of Public Instruction, *Report* (1899), pp. lxvi-lxvii.

[146] *Ibid; Report* (1913), p. 611.

excess of that which was originally paid for the stock.[147] The wording of the law is such as to give the board considerable latitude in dealing with the stockholders. They may purchase any school at any figure not in excess of a maximum fixed by the actual contribution of the stockholders. Furthermore, they may select the schools to be taken over. In 1914 the state superintendent reported that four of the schools had been purchased,[148] but no further purchases were reported in his annual reports in 1915 and 1916.

Several points of importance stand out in the history of the state subvention to normal schools. The first and most significant is the failure of the state to secure adequate service from institutions over which it did not have complete control. Curricula and instruction were not entirely to the satisfaction of the educational officers of the state. Of course this does not mean that there was no cooperation between the state officials and the teaching force of the schools. The expressed or implied statements of the state superintendents indicate that the principals and teachers of the schools were usually willing to cooperate. But at times disagreements arose. Moreover, uniformity of standards could not be entirely brought about.

In the second place, the financial management of the schools seems to have been marked by improvidence and lack of foresight. Debts were increased when there was little prospect of making payment unless the state assumed the burden. In later years the increased demands upon the schools made extensions necessary, and, since additional aid from the stockholders was not forthcoming, it was necessary to borrow. Finally, for a variety of reasons, no equitable or rational scheme of distributing the state aid was discovered.

On the whole, we may say that the method of encouraging privately owned schools by grants from the state treasury was successful in establishing these schools at a time when they were badly needed. That it was as economical as direct state operation during the early period may be conceded. But on the other hand, it seems clear that at the present time no excuse exists for prolonging the operation of the schools under private ownership.

Training schools for teachers have, in recent years, been provided as a part of the school system of several Pennsylvania cities. Philadelphia has for many years provided special institutions for that purpose. The latter have received aid from the state, and whenever the amounts

[147] Act 25 July, 1913, *P.L.* p. 1294. The governor reduced this amount to $100,000.
[148] *Report* (1914), p. 3.

were separately recorded by the Auditor General they have been included in the total payments for normal schools in Table III, Appendix.

The subvention for the assistance of students in the normal schools who agreed to teach for a time in the common schools continued throughout the period 1874 to 1916. Practically no changes were made in the subvention until 1901, when the state agreed to pay the entire tuition of such students. Previous to that date they were assisted in two ways. First, a certain amount per week for each student was paid to the normal schools and the amount was then deducted from the tuition charged. Second, when a student had successfully completed the course and had been passed by the state board of examiners he received a grant of $50.

Certain objections to this grant are obvious. Although the student who received assistance by the payment of his tuition was required to agree to teach, it is doubtful whether the state ever undertook to enforce the agreement, for no record of any attempt to compel performance on the part of students who had broken the agreement has been discovered. Some of the students receiving assistance must, undoubtedly, have failed to secure positions and thus have been unable to carry out their part of the contract. The only cause for complaint against the system in case of failure of the student to teach was the fact that other students who could not or would not sign such agreement received no assistance.

The grant of $50 on graduation was usually a very welcome windfall for the impecunious student who had gone into debt to complete his education. But it is difficult to see why it should have been made. In some respects its effects were actually detrimental to the standards of the schools. The matter was fully explained by the state superintendent in 1901. "It [the law of 1901] forever abolishes the payment of fifty dollars as a fee on graduation, and removes the pressure on the State Board of Examiners to graduate students who spent the (sic) last cent in getting an education and who were counting on the graduation fee for aid in payment of their tuition."[149] The act of 1901 provided that the state should pay $1.50 per week for the tuition of each student who should agree to teach two years in the common school of Pennsylvania.[150]

Another interesting and significant point in the history of the state normal schools was the controversy over the interpretation of the restrictive clauses of the state constitution. Section 2 of Article X reads, "No money raised for the support of the public schools of this Commonwealth shall be appropriated to or used for the support of any sectarian

[149] *Report* (1901), p. iv.

[150] Sec. 8, Act 18 July, 1901, *P.L.* p. 839.

school." Section 18 of Article III provides, "No appropriations, except for pensions or gratuities for military services, shall be made for charitable, educational, or benevolent purposes to any person or community, nor to any denominational or sectarian institution, corporation or association."

Previous to the adoption of the constitution of 1873 Lincoln University, an institution for members of the colored race, had received state aid as a normal school. In 1874 the General Assembly passed a law to recognize it as an additional state normal school,[151] and made an appropriation for its support.

In addition to its other departments Lincoln University maintained a theological school, in which the Presbyterian church had been given a general veto power over the election of instructors.[152] The state superintendent, upon whom fell the duty of distributing the normal school appropriation, being in doubt as to the constitutionality of the act making an appropriation to the school, referred the question to the Attorney General. That officer advised him that, since the General Assembly of the Presbyterian church was given power over one department of the university, it thereby became a sectarian institution.[153] It followed that any appropriation by the legislature for its support was in violation of Section 18 of Article III of the state constitution.[154] The Attorney General considered the question whether the separation of the university into departments made a material difference. He thought that it did not, since one board of trustees and one charter governed all departments. Moreover, he decided that the appointment of trustees from different denominations was an immaterial condition.[155]

Accordingly, the state superintendent refused to pay the appropriation and the legislature apparently agreed, for thereafter no subvention was made to the school. This case is significant because it shows a tendency in two departments of the state administration to construe strictly those sections of the constitution prohibiting appropriations to sectarian institutions.

The Subventions for Higher Education

The annual subvention to colleges, which had been abandoned when financial disaster overtook the state, in 1844,[156] has never been revived.

[151] Act 11 May, 1874 *P.L.* p. 134.
[152] Supt. of Common Schools, *Report* (1874), p. lxii.
[153] *Idem*, pp. lxi-lxii.
[154] *Idem*, p. lxii.
[155] *Idem*, p. lxi.
[156] See fourth section of Chapter IV.

In recent years, however, large amounts have been appropriated, by special enactments, to assist colleges and universities. With the exception of occasional grants to the State College and the Philadelphia Polyclinic, the large grants of the present time date from 1887. Since that year the former institution has received a substantial appropriation annually. As Table III, Appendix, shows, the amount of the subvention to colleges and academies has fluctuated greatly. When the state treasury was in danger of a deficit during the years 1899 to 1901, the appropriations were reduced, in part by the legislature, and in part by the governor's veto.

No policy with respect to these grants to colleges has as yet been developed, except in the case of the State College. This institution is now governed by a board of trustees composed in part of certain state officers who serve ex-officio, in part of members representing the alumni association, and, in part, of the representatives of agricultural and kindred societies. The college is a land-grant school and in most respects is regarded as a state institution. It now receives the major part of its revenue from the state and from the federal government.

Although the state has appropriated liberally toward the support of both the University of Pennsylvania and the University of Pittsburg, it has no voice in their management. They receive aid both for maintenance and for building purposes.

The principal defect of the subventions to these two universities is that they are lacking in stability and system. The state is not bound to aid either institution and the amount that each receives is affected by all the uncertain conditions surrounding the passage of an extraordinary appropriation bill. It has also been urged that if the state gives the public funds to support these colleges, it should have a voice in their management. Assuming, however, that the money appropriated for their support would not be of more benefit if used for elementary or secondary education, or for other services, the grants cannot be seriously criticised.

Miscellaneous Subventions for Education; the State School Fund

In addition to the important subventions to common and normal schools and to colleges, the state now distributes a large amount annually to learned societies and organizations that contribute to the education of the public in a less formal way. These organizations, which are very diverse in character, include such concerns as the Pennsylvania State

Historical Society and the Museum and School of Industrial Art. Appropriations to these organizations are not regarded as permanent. They vary from biennium to biennium, and at times are omitted entirely for a period of years. The total amount appropriated to all the institutions of this class at any session of the legislature is usually in excess of $50,000.

Assuming that these organizations are, in a majority of cases, entirely commendable and that the purposes of their existence are worthy ones, it does not follow that the state should subsidize them. They are usually local in scope, and their activities, although useful and praiseworthy, are not of the nature of public services. Or, to put it in another way, no one would suggest that the state should provide directly the services they render, and since they stand in such a vulnerable position, the organizations are subjected at times to severe criticism.[157] A very real objection to appropriations in their behalf is the partiality of the legislature. If one organization receives aid why not others? Lack of system, lack of state control, and lack of public purpose all condemn these grants.

The appropriations to a number of semi-private industrial and training schools are as unsystematic as those to the organizations just described. But the purpose served by these schools, which provide industrial training for neglected children, is such as to warrant state aid. Control by the state is, however, wanting and there is no assurance that the public funds are always efficiently used.[158]

One of the defects of the existing school system noted by the state superintendent in 1874, was the unsystematic and inequitable scale of salaries paid the county superintendents. A number of laws were enacted between 1875 and 1911 with a view to requiring the localities to pay these officers salaries commensurate with the responsibilities they incurred and the work they performed. All these laws were replaced by the School Code of 1911. That act as amended in 1917 requires a minimum salary of $2,000 for each superintendent, and the maximum of $2,500, which the code establishes, may, under certain conditions, be increased.[159]

A convention of the school directors of the districts within the county elects the superintendent. But a protest against the election may be made by the minority. If the majority of each of the boards of directors in one-fifth of the districts makes the protest, an appeal may be carried

[157] See e.g., a statement in the House of Representatives, 17 May, 1911, *Legislative Record*, p. 2722, col. 1.

[158] See the list of Training Schools receiving state aid, Aud. Gen. *Report* (1913), p. 567.

[159] Sec. 1121, Act 18 May, 1911, *P.L.* p. 365, Act 6 July, 1917, *P.L.* p. 737.

to the state superintendent. If he finds the objection and appeal based upon facts that, in his judgment, justify such action, he may throw out the election and declare the office vacant and may then make an appointment to fill the vacancy.[160] This provision is a wise one for avoiding local quarrels, and undoubtedly constitutes a real check upon the localities. But it is obvious that in a majority of counties the excellence of the man selected still depends on the boards of directors. The state superintendent may, under the recent laws, as under those of earlier years, remove any county superintendent for "neglect of duty, incompetency, immorality, intemperance . . . . ." violation of the school law or other improper conduct. But this is a potential rather than an actual check.

The salary actually paid any given superintendent, is automatically determined and depends upon the number of schools over which he has jurisdiction. If, however, the number of schools should be large enough to indicate a salary in excess of $2,500, the convention of directors must authorize it before it can actually be paid.

In the more important counties assistant superintendents are also provided. They are appointed by the superintendent of the county and confirmed by the officers of the County School Directors Association, an organization established by the code of 1911.[161] The state pays, by special appropriation, the salaries of the assistants and of the county superintendents. But if a county, through the school directors, agrees to pay its superintendent more than $2,500, it must bear the excess which is deducted from its quota of the state subvention.

The legislation relative to the office of county superintendent shows the tendency toward centralization of the control of the school system. Through many roundabout processes and by offering bribes to the localities for their submission, the legislature is slowly bringing the common schools more and more under the control of the state superintendent and the newly created State Board of Education.[162]

[160] Sec. 1112, Act 18 May, 1911, *P.L.* p. 363-364.

[161] Sec. 1127, *idem*, *P.L.* p. 367.

[162] This board was created by the Act of 18 May, 1911. It is composed of the State Superintendent of Public Instruction, ex-officio, and six members appointed by the governor with the advice and consent of the senate. Three of the six must be successful educators of high standing, connected with the public school system of the commonwealth. All the members serve without salary. The board is authorized to inspect and require reports from educational institutions wholly or partly supported by the state but not subject to public authorities. They are also required to encourage vocational training and to equalize the educational advantages of the different parts

After the disappearance of the first school fund, during the years 1840 to 1844, Pennsylvania made, until recently, no attempt to provide a permanent endowment for her common schools. In 1911, however, the legislature created a new fund. The proceeds of all water powers and water rights and of all real estate belonging to the commonwealth, together with all escheated estates and eighty per cent of the proceeds of the forest reservations make up the fund. All gifts and bequests from private individuals and moneys specially appropriated by the legislature are also to be included.[163]

The amounts accruing to the fund are to be deposited in the state depositories (banks), but the State Board of Education is required to invest the accumulations promptly. Only the bonds of school districts or good municipal bonds may be utilized as investments by the board.[164] The board is also authorized to use as much of the income from the fund as it deems wise toward equalizing educational advantages of the different parts of the commonwealth, and also to use such part of the same as it deems wise to further and promote education in the conservation of natural resources, and education in forestry, agriculture and other industrial pursuits, in the public schools of the Commonwealth.[165]

In view of the limited sources from which the fund is to be derived, one would say that the objects for which it may be expended are rather numerous. As yet the fund is unimportant and it seems unlikely that it will become a large factor in the finances of the school system in the near future.[166]

In 1913 a new subvention was created for the purpose of encouraging vocational education in the public schools. Any school district is authorized to establish a separate school or department in which industrial education, household arts, or agriculture shall be taught by teachers approved by the State Board of Education. The board must also approve the courses of study, the location, equipment and methods of instructions of each school.[167]

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of the commonwealth, by means of funds appropriated for that purpose. Finally sanitary inspection of the schools is in their charge.

[163] Sec. 2701, Act 18 May, 1911, *P.L.* p. 431.

[164] Sec. 2703, *Idem*, p. 432.

[165] Sec. 2704, Act 18 May, 1911, *P.L.* p. 432.

[166] In 1915 the Supt. of Public Instruction stated that the State school fund amounted to over $175,000, *Report* (1915), p. 11.

[167] Act 1 May, 1913, *P.L.* p. 138.

The amount of state aid paid approved schools or departments depends upon the cost of operation. The law provides that the state shall pay "an amount equal to two-thirds the sum which has been expended during the previous year by such school district, or districts" for the maintenance of vocational departments. But the maximum amount that any district may receive is limited to $5,000.[168]

From the point of view of public finance the method of distributing this subvention is objectionable. To give a district two-thirds of the cost of the vocational departments without direct reference to the number of pupils in the school, or the quality of the instruction, is not in accordance with sound principles of public expenditure. On the other hand, of course, the state board has the power to approve or disapprove of the management of schools that receive state aid. It remains to be seen how effective this supervision will be. In 1913 the legislature appropriated $232,000 for the assistance of the vocational departments,[169] and during the school year 1913-14, twenty-one districts qualified for state aid.[170] But the scheme has been in operation too short a time to permit of any judgment as to its success.

Summary and Conclusions: Subventions for Education

A survey of the history of state subventions for education from 1874 to 1915 shows, in the first place, that the state has made no attempt to systematize the grants. No consideration has ever been given, as far as can be discovered, to the relation of the various subsidized services to each other. But the causes of this neglect are to be found in the educational "system" as well as in the appropriation policy of the legislature. As long as the state does not itself administer, or closely control a complete system of schools beginning with the elementary common school and culminating in a state university, and at the same time embracing vocational schools and training schools for teachers, it will be difficult to systematize the grants for education. In 1916 the common schools, the high schools, the vocational schools[171] and some of the normal schools were under the complete control of the public authorities. The majority of the normal schools and the State College are, however, only partially controlled, while the universities that receive large appropria-

[168] Act 1 May, 1913, *P.L.* p. 138.

[169] Act 25 July, 1913, *P.L.* p. 1249. The governor reduced this amount to $135,000.

[170] Supt. of Public Instruction, *Report* (1914), p. 7.

[171] The term is used in its widest sense.

tions are entirely free from state supervision, except insofar as their charters are concerned. Under such conditions it is obviously impossible for the state to make its appropriations for education according to a systematic, long-time policy.

The lack of system in the appropriations is, however, found in the subventions to that part of the school system which is completely under state and local control, namely the common public schools. The history of the grant to common schools shows that it has sometimes been used to stimulate local interest, sometimes to equalize the burdens of state and local taxation, sometimes to secure the extension of the school term, sometimes to raise teachers' wages, and lately to encourage the adoption of vocational training departments. But, as has been pointed out by State Superintendent Schaeffer,[172] the amount of the subvention has not, in recent years, kept pace with the growing needs of the schools.[173] Local taxation has supplied the lack, but there are indications that in the rural districts the limit has about been reached in this direction, either because of the growing burden of taxation or because of the localities refusal to support the schools adequately.

The conclusion must not be drawn, however, that the subvention has accomplished nothing, in recent years, except the relief of the local tax payers. Much good has been done directly by causing better salaries to be paid and by aiding financially weak districts. Moreover, the fact that the state contributes a portion of the revenue for the support of the schools has enabled it not only to make and to enforce standards of efficiency, but also to intervene informally, through the office of the state superintendent, for the betterment of the schools. The creation of the State Board of Education and the establishment of a state school fund may also be regarded as additional measures for the utilization of central control for the purpose of raising the standard of efficiency of the district schools. But much remains to be done before educational opportunities in all the districts shall be equal to a reasonalbe minimum. The subvention for education cannot, therefore, be said to have been entirely successful in acheiving the principal purpose for which it exists at the present time.

The lack of complete success is due, in part, to the failure of the legislature to contrive a method of distributing the grant which shall not only aid the weaker districts to maintain good schools, but which

[172] *Report* (1915), pp. 11-12.

[173] See table on p. 159, *supra*.

shall also either encourage or coerce those localities which suffer only from indifference. Failure to provide sanitary and comfortable buildings, or to keep the schools in session for the major portion of the year, or to employ good teachers is due, in some districts, to unwillingness to pay as heavy taxes as a majority of the districts are accustomed to levy. Against these laggards the threat of withholding the subvention is only partially successful, since the required standards of performance cannot, at the present time, be raised high enough. If they were many of the poorer mountain districts would not be able to comply. The remedy for these conditions would include two things. (1) Very much more exacting requirements for districts participating in the subvention, and (2) an appropriation placed at the disposal of an administrative board for the assistance of the districts that cannot provide good schools even by levying heavy taxes.

The subvention to normal schools has served its purpose and is on the way to extinction. At a time when such schools were more or less of an experiment, and when the state was unable to maintain teachers' training schools, the subvention aided in establishing a much needed service. But public opinion and the condition of the treasury would now permit state control and operation of all the normal schools, and it is generally admitted that better results can be obtained in state institutions.

The subvention to institutions of collegiate or university standing is the least systematic of all the important grants for education. The amounts appropriated vary greatly from year to year and seem to be based only upon legislative caprice and not upon the amount of service rendered the people of the state nor upon the excellence of that service. Moreover the appropriation is made to private corporations over which the state has no definite supervision or control. This is in violation of the principles of public administration and of public finance.

Although all the subventions for education have accomplished much good their usefulness might be greatly increased by the adoption of an educational budget policy. Such a policy presupposes a state budget, since the amount that the state should spend for education, in comparison with other services, cannot be scientifically determined until some kind of budgetary arrangements are adopted. The educational budget should be in charge of an administrative board, such as a board of education, which would apportion the disposable funds to those institutions which seemed most useful and most in need of state aid. Under such

arrangements the state educational institutions might be so developed that they would complement each other. Moreover, since the board could be allowed considerable discretion in distributing the subvention to common schools, it would be possible to assist liberally the weaker but active districts in which the lack of good schools is due to a small amount of taxable wealth. On the other hand, the subvention might be either withheld from or greatly reduced to those districts which declined to impose adequate taxes.

Moreover, such a board would be able to advise the legislature intelligently in regard to the proportion of the funds available for education that should be expended for the support of high schools and of vocational training departments. It could also determine the amount that should be used to train teachers in normal schools.

In short, the subvention for education might be made much more effective for the development of a well rounded state educational system and for the equalization of educational opportunities throughout the state if the control of the schools were more completely centralized and if supervision and the apportionment of the subvention were placed in the hands of educational experts. This would, however, mean a voluntary surrender of a large amount of power by the legislature and by the local school authorities and in both cases the transfer of authority would be exceedingly difficult to accomplish. It is, therefore, very doubtful if it could be brought about at the present time.

CHAPTER VIII

MINOR GRANTS TO LOCAL AUTHORITIES

Subventions for the Encouragement of Agriculture and for the Protection of Life and Property

In addition to the principal subventions for the advancement of education the state of Pennsylvania aids local governments in maintaining a number of miscellaneous services. These are by no means so important either financially or in their social effects as are the subventions for education. Like the subventions for education, however, those of the miscellaneous group are made chiefly to local governmental agencies. The purposes for which they are granted include highway construction and maintenance, waterfront improvements, protection against forest fires, the conduct of primary elections, the destruction of noxious animals, and the encouragement of agriculture. Only the last is granted to private organizations. With the exception of the grant in aid to counties and townships for highway construction and maintenance, these subventions present no striking points of difference from those already discussed and, therefore, may be briefly dealt with. The highway grant, which is, on the other hand, very important, will receive more elaborate treatment.

The grant to encourage agriculture is of very early origin but only in recent years has it assumed more than negligible importance as a financial matter. Throughout the period 1874-1916 the legislature allowed the state agricultural society a small amount annually to defray the cost of publishing its proceedings.[1] In 1907, however, the legislature provided for subsidies to pay premiums offered by agricultural associations at agricultural exhibitions and county fairs.[2] In 1914 this new form of public generosity cost the state treasury $58,409.[3]

Another subvention of a similar sort is the bounty paid by the state for the destruction of dangerous and harmful wild animals. This subvention came into existence under an act of 1907.[4] Previous to that year state laws had been enacted requiring counties to pay bounties to persons who presented evidence of having killed certain wild animals, such as

[1] The amount was usually between two thousand and three thousand dollars annually. See *Reports* of Auditors General for years 1874-1916.

[2] Act 13 June, 1907, *P.L.* pp. 702-703.

[3] Aud. Gen. *Report* (1914), p. 677.

[4] Act 10 April, 1907, *P.L.* pp. 60-61.

wolves and wildcats. The procedure in paying this subvention is very simple. The legislature has named the animals for whose destruction a bounty is to be paid and has fixed the amount of the bounty for each animal killed. Certain local officers are required to verify the statements of those claiming the bounty and the county treasurer is required to pay the amounts prescribed. Twice a year the county commissioners report these disbursements to the Auditor General who draws a warrant for the amount indicated by the county treasurers' accounts. The former officer may, of course, refuse to issue the warrant if the reports, accounts, etc., are not in proper form. In 1914 the payments from the state treasury for this purpose amounted to $17,361.[5]

The subvention to the localities for the protection against forest fires was first paid in 1899. Since that date the subvention has been continuous, although the acts under which it is paid have been changed from time to time. The law of 1907, under which it is now paid, makes the constables of townships and of boroughs responsible for the extinguishment of forest fires.[6] These fire wardens and such assistants as they may employ are paid by the counties. The state then reimburses the local governments to the extent of two-thirds of the total payments. The duties of fire wardens are prescribed by the legislature and punishment is provided for those who neglect their duties There is practically no control by the state over the financial operations of the county with respect to these payments which amounted in 1914 to $18,166.[7]

Another type of payment to assist the local governments is the appropriation for the expenses of holding uniform primary elections. This payment is scarcely in the nature of a grant since the local officers act as agents of the state. When the bill which provided for payment by the state was before the senate, in 1906, it was stated in debate that a "good many" members of the House of Representatives objected to the expense that the uniform primary law would impose upon the counties. Hence the provision for assumption of the cost by the central government.[8] In 1914 the payments for this service amounted to $333,100.[9]

[5] Aud. Gen. *Report* (1914), p. 61.
[6] Act 25 April, 1907, *P.L.* pp. 101-103.
[7] Aud. Gen. *Report* (1914), p. 675.
[8] See *Legislative Record* (1906), pp. 468, 605.
[9] Aud. Gen. *Report* (1914), pp. 709-710.

The Subvention for the Construction and Maintenance of Highways

After the failure of the internal improvement system Pennsylvania ceased to build or to assist in building roads. There were occasional exceptions to this statement, as for instance when a number of bridges over important rivers had been destroyed. Under such circumstances the state sometimes aided the counties in replacing the structures. But no systematic assistance was rendered the local communities until 1903, when an act was passed providing for state and local co-operation in the construction and maintenance of permanent improved highways.

The movement for better roads had, however, developed more than ten years before that date. The agitation crystallized in 1891 into a bill for the complete reorganization of the method of administering and paying for the construction of highways.[10] When this bill, which was drawn by a bi-partisan committee including members who were not in the legislature, came up for passage in the Senate it provided for state aid. The appropriation, which was to be divided among the townships according to the amount of money they had expended upon roads during the preceding year was to be used solely for permanent construction.[11] The bill required a contribution from the localities and left the administration of highways in the hands of local officers.

Many objections were raised aginst the bill. The method of distributing the subvention was attacked because it gave the richer townships, which, it was said, were already able to take care of themselves, relatively larger amounts in proportion to their needs than it gave the poorer communities.[12] In defense of distribution according to amount of taxes spent locally upon roads it was asserted that the expenditure of the various townships upon roads in previous years measured the burden of road maintenance and that the state should assist those communities in which the burden was greatest. Moreover this method of distribution was defended on the ground that the subvention should be based on the principle of assisting those communities that gave

[10] See Statement of Mr. Shilleto in House of Representatives, 25 March, 1891, *Legislative Record* (1891), I, p. 1084. See also statements made in debate by various members, *idem*, pp. 969-984.

[11] *Legislative Record* (1891), I, p. 754.

[12] Statement by Mr. Hines in the Senate, 11 March, 1891, *Legislative Record* (1891), I, p. 756.

evidence of interest in highway improvement by willingness to levy taxes. Otherwise the subvention might become a charitable donation.[13]

The counter-proposition to distribute the aid in accordance with mileage was also declared to be faulty because the exact mileage of roads was not determined, and because it would encourage useless building.[14] Requirements for local taxation were vigorously opposed by the farming communities.[15] One member of the legislature told of petitions received from his constituents protesting against the imposition of additional burdens.[16] The farmers of Lancaster County were especially opposed to the requirement of the bill that 25 per cent of the local tax should be expended on macadam construction.[17] Other objections were brought forward with respect to the lack of central supervision, the creation of a new local office (that of county engineer) and the expenditure of large sums upon highways likely to be of local benefit only.[18]

It seems clear that the farming communities were anxious to have the subvention introduced if the state would furnish the larger part of the funds for construction and would allow the local governmental units to determine how they should be used. The bill was freely amended and then passed both houses only to receive Governor Pattison's veto.

In refusing to sign the bill the governor declared that the measure was of doubtful constitutionality because of the provision in the constitution prohibiting the legislature from making appropriations to communities. Moreover, in his judgment, the bill was inequitable, because it provided that moneys raised by taxation of the entire state should be expended for roads only in the several districts.[19] Thus ended the attempt to provide better roads by state aid, and for more than a decade the legislature took no action looking toward the construction of a system of highways.

In 1903 the demand for improvement of the roads had again gathered sufficient force to result in the passage of an act providing for the cooperation of the state, the counties, and the townships in the construction and maintenance of permanent highways. This law established a

[13] Mr. Lloyd in the Senate, 12 March, 1891, *Legislative Record* (1891), I, pp. 822-823.

[14] *Idem*, p. 822.

[15] *A Move for Better Roads*, p. 282.

[16] Mr. Kutz, in the House, 28 April, 1891, *Legislative Record* (1891), II, p. 1912.

[17] *Lancaster Morning News*, 20 March, 1891.

[18] *Pittsburgh Dispatch*, 29 April, 1891, p. 4; and 6 May, 1891, p. 4.

[19] The veto message is printed in the *Senate Journal* (1891), pp. 1180-1181.

state highway department in charge of a commissioner who was required to be an engineer and to have experience in road construction.[20] The functions of the commissioner were, in general, to make surveys, to give estimates of the cost of roads, and to let the contracts for road improvements. State aid was distributed among the counties in proportion to road mileage, the state bearing two-thirds[21] of the cost and the county and township the remaining one-third.

This law proved to be unsatisfactory and unworkable in practice, Very little road was built under its provisions, and the next General Assembly passed a new act, which superseded that of 1903. The law of 1905 increased the proportion of the cost of construction to be borne by the state to 75 per cent.[22] In 1907 the act of 1905 was amended by increasing the personnel of the state highway department and by greatly augmenting its powers.[23]

Four years later the law of 1905 was thrown on the scrap heap as unworkable and ineffective. The legislature now passed an act by which the State took over a large number of the most frequently traveled main roads. In the future these roads are to be improved and maintained by the highway department entirely at state expense.[24] Wherever the state roads pass through boroughs or cities and are constructed of macadam, the local government must pay one-half the cost of maintenance. If, however, they are paved the municipality must maintain them wholly at its own expense.

This act also provides for the co-operation of the state and the localities in constructing and maintaining permanent highways upon routes other than those designated as "state highways." Such roads are known as "state aid highways." The new arrangements enable any locality that desires to improve secondary roads to apply for aid to the extent of 50 per cent of the cost of the original construction and in the same proportion for lands purchased and damages incurred.[25] The townships and the counties must pay 50 per cent, but they may make such arrangements as they see fit concerning the proportion that each must bear.

[20] *Pennsylvania Road Laws*, p. 179.

[21] The law apparently anticipated that the remainder would be divided equally between them, but they were authorized to agree to other proportions.

[22] Act 1 May, 1905, *P.L.* pp. 318-330.

[23] Act 8 June, 1907, *P.L.* pp. 505-520.

[24] Act 31 May, 1911, *P.L.* pp. 468-533.

[25] Act 31 May, 1911, *P.L.* pp. 522-527.

The subvention is apportioned among the townships by the Highway Department in accordance with the mileage of existing roads, as was the case under the act of 1905; but the total amount available for distribution depends, of course, upon the action of the legislature. In 1911, $3,000,000 was appropriated for state highways and $1,000,000 for state aid highways. Both amounts include appropriations for construction and for maintenance.[26] A large proportion of the funds for road improvement is derived from the fees for registering motor vehicles,[27] which amounted in 1916 to $2,448,924.[28]

In addition to the direct subvention already described the state agrees to pay any township an amount equal to 50 per cent of the road taxes collected in cash by the township, but not in excess of $20.00 for each mile of road lying within its boundaries.[29] The total of state and local contributions is used for general road construction and maintenance. Control of expenditure is in the hands of local authorities. In 1914 payments from the state treasury for this purpose amounted to $200,000.[30] This peculiar subvention grew out of the attempt to induce the townships to collect their road taxes in cash instead of labor. Reasons for the inefficiency of the latter method are sufficiently obvious, but the farming communities clung to it with great tenacity although the bribe of a state subvention if they abandoned it was offered as early as 1904. In 1913, when the legislature established the Bureau of Township Highways within the Highway Department, it abolished the payment of road taxes in labor but retained the 50 per cent contribution by the state.[31] This bureau is to have supervision over all highways constructed and maintained with state aid, except state highways and state aid highways. It is given the power to prescribe the duties of township road officers.

Highways in Pennsylvania are now of three classes. First are the state highways, which are the main arteries of traffic, and which are constructed, maintained and policed by state officials and at state expense except where they pass through boroughs or cities. Second, there are the state aid highways, which are constructed and maintained under state supervision that amounts practically to state control. The cost is borne equally by the state and the localities. These roads are presumably

[26] Act 31 May, 1911, *P. L.* p. 529.
[27] See Acts 21 March, 1913, *P.L.* p. 50, and 23 May, 1913, *P.L.* p. 300.
[28] Aud. Gen. *Report* (1916), Appendix C.
[29] Act 13 May, 1909, *P.L.* pp. 752-759.
[30] Aud. Gen. *Report* (1914), p. 523.
[31] Act 22 July, 1913, *P.L.* pp. 915-927.

important local thoroughfares, but not in the line of heavy traffic between large centers of population. Third, there are the local roads, chiefly unmetalled, which are controlled by the township and county authorities under state supervision. The cost of maintaining these is borne by the locality with the assistance of the state through the contribution of 50 per cent of the local tax, but not over $20.00 per mile.

It is at once evident that the movement toward centralization in highway construction and maintenance has been very rapid since 1905. Local control had existed from the foundation of the colony until 1903, when a mild form of state supervision with a subvention was inaugurated. But this scheme proved ineffectual because the localities did not always wish to build good roads, even though the state contributed 75 per cent of the cost, because local control did not lead to the construction of a system of roads; and, because it was found that township officers, even under central supervision, could not be relied upon to keep the roads in good repair. Finally, with the increase of automobile traffic the opinion became current that the main highways were of state-wide importance and of general, rather than local benefit. Hence their management was thought to be a matter for state and not local control. The example of other states, such as New York, was also a cause for centralization.

In the case of the less important roads the inefficiency of township administration and the desire of the farming communities to shift the the burden of expense seem to have been the principal controlling factors leading to centralization. Moreover, in both cases, the tendency of a large state department to extend its activities is also apparent.

It may be asked why the movement toward centralization has been so much more rapid in the case of highways than in the case of education and charitable relief. The answer is not entirely forthcoming, but certain reasons are clear. In the first place the inefficiency of local management is much more patent in the case of roads than in the other two services. The quality of highways is a matter concerning which every person can judge, while in the other cases the quality of service can be evaluated only by the trained and experienced few. Moreover, a larger number of persons is daily brought into direct contact with the service in the case of roads than in the matters of education and charitable relief; and the people who use the principal highways most frequently belong to the wealthier and more influential classes that are accustomed to leadership and control. That these classes should be able to obtain speedy action from the legislature is not, therefore, a surprising matter.

In the second place, no strong vested interests, whose influence might have been exerted against change, as is the case with hospitals and orphanages, have been encountered in the reform of highway administration. Thirdly, the economy and increased efficiency resulting from centralization are probably greater, and at least more patent, in highway management than in education or in the care and treatment of the insane and the indigent sick. Fourthly, it has been asserted, political influences favored centralization of highway control while they have generally opposed it for hospitals and orphanages. Finally, strong prejudices against centralization, which spring from religious motives, were not encountered in the case of highway management as they have been in the case of homes and orphanages.

CHAPTER IX

SUBVENTIONS FOR CHARITY, 1874 TO 1916

The Growth of the Subventions for Charity, 1874 to 1916

Subventions for charity from the Pennsylvania state treasury at the present time are paid in part to the counties and in part to a large number of privately managed eleemosynary institutions and voluntary organizations. The counties received, in 1916, $697,457 for the partial maintenance of the asylums for the insane that many of them have established.[1] In the same year privately managed hospitals and other institutions for the treatment of the sick received $2,268,497.[2] and privately managed schools for the blind, for the deaf and dumb, and for feeble-minded children were paid $499,531.[3] A reformatory for children under partial private control received $175,144,[4] and an asylum for the insane, under similar management, received $125,246. In addition to these amounts $422,613 was paid as subsidies to homes for the aged, orphanages, and miscellaneous organizations engaged in some form of charitable work.[5] In brief the state paid $3,491,031 to privately managed institutions and $697,457, to the counties or a total of $4,188,488.

The true importance and magnitude of these payments is better appreciated when compared with other items of state expenditure in the same year. The subvention to common schools amounted in 1916 to $8,663,175, and the grants for all educational purposes totaled $11,247,884.[6] Expenditure for highway construction and maintenance was $3,732,386, and for the department of health $2,263,512,[7] while the total of all payments from the state treasury was $35,489,553.[8] Subventions to privately managed hospitals exceeded in amount the payments from the state treasury for any other specific service, the support of

[1] Aud. Gen. *Report* (1916), pp. 635-639.

[2] *Idem*, pp. 639-650.

[3] *Idem*, p. 651.

[4] *Idem*, p. 635.

[5] These organizations included societies for the prevention of cruelty to children, children's aid societies, anti-tuberculosis leagues, organizations for reclaiming and protecting delinquent children, and for the assistance of women and girls who have been guilty of infraction of certain moral laws.

[6] Table III, *Appendix*.

[7] Aud. Gen. *Report* (1916), p. 599.

[8] *Idem*, table following p. 679.

the common schools and the construction and maintenance of highways excepted.

Lavish expenditure for subventions to private charitable institutions is, practically speaking, a product of the last twenty-five years. In 1891 the state paid only $661,197 for all such subventions. The increase, which amounts to 428 per cent, has been due chiefly to the remarkable and growing liberality of the legislature toward local hospitals. Subventions to these institutions in 1914 exceeded those of 1891 by more than 1500 per cent, and those of 1892 by over 940 per cent. On the other hand, grants to private institutions for training and caring for the blind, deaf mutes, the feeble minded, and the insane only increased from $374,681 to $538,490 during the period 1891 to 1914, and those to reformatories from $65,000 to $150,942. Clearly, then, the great expansion of the subvention for charity cannot be charged to these latter two classes of grants. Two other types of subvention are jointly responsible with the appropriations to hospitals for the increase. The grant in aid to county asylums for the insane first made its appearance in the financial reports in 1896 as a very moderate payment of $75,527, but by 1914 it was more than ten times as large. In the second place, the subvention to orphanages, homes for the aged, and to miscellaneous organizations increased from $35,107 in 1891 to $381,655 in 1914, a gain of over 900 per cent.

The number of institutions receiving state aid has, of course, increased very greatly. In 1881 grants were made to seven hospitals and ten years later to thirty-six.[9] In 1914 the Auditor General reports a list of 155 hospitals, including those connected with medical colleges, as recipients of state aid. In 1916 the number was 161. The number of homes and miscellaneous organizations has also increased rapidly in recent years. In 1896 only 36 homes, orphanages and miscellaneous organizations received aid. In 1914, one hundred and nine, and in 1916 one hundred and seven homes and orphanages and miscellaneous organizations appear in the lists of the Auditor General.

The results of a comparison of present-day expenditures with those of the years 1874 to 1888 are still more striking. In the earlier year the schools for the blind, deaf-mutes, and the feeble-minded received $118,139; reformatories $135,500; an asylum for the insane $52,250; hospitals $127,500; orphanages $12,500; and miscellaneous organizations

[9] Roberts, J. B. State Appropriations to Hospitals not under State Control. What Pennsylvania is Doing, *Pennsylvania Medical Journal*, Vol. XIII (1910), p. 253.

$1,500; or a total of $447,389.[10] But, by 1878, owing to the lack of revenue and the influence of the new constitution, the total payments for subventions to charitable institutions had been measurably reduced and amounted to only $136,822. In 1879 the total was $155,580, and in 1880, $459,471. At no time between 1874 and 1888 did the appropriations to privately managed hospitals exceed $100,000. Orphanages, not including those for soldiers' orphans, never received more than $22,500 in any one year from 1874 to 1890, while payments to homes for the aged and to miscellaneous organizations were practically negligible. During the years 1875 to 1890 the largest part of the subventions for charity was paid to the institutions for defectives.

The prodigious growth of subventions for charity in recent years has been due to many forces, some of which are most obscure in their nature and indirect in their operation. First among these forces is the tendency toward the socialization of many services previously regarded as outside the proper sphere of governmental action. Elaboration of public education, the extension of facilities for public recreation, improvements in sanitation, and the development of highly specialized institutions for the care and treatment of defectives are all evidences of this tendency. Now the increase of public expenditure for these purposes is practically nation-wide. But in a large majority of the states the extension of the scope of eleemosynary institutions has been accomplished under state ownership and management. In Pennsylvania, however, the state has pursued a dual policy: It has built large and costly institutions directly administered by its own officers and at the same time it has paid liberal subsidies to privately managed institutions and organizations providing the same services.[11]

The extent of the state's payments for institutions directly under its own control and the growth of such payments from 1891 to 1916 are shown in the table on the following page.

The total of all payments for institutions under state control was greater by $1,498,313 in 1916 than the total of the subventions paid to privately managed charities. But the increase in the amount expended by the state for institutions directly administered from 1891

[10] The classification of the Auditor General has not been preserved. Homes for the feeble-minded and for the blind have been excluded from the totals given in the text of his report as have also homes for defectives.

[11] For a brief statement of the extent of subventions to private charitable institutions in other states see an article by Mr. Alexander Fleisher, State Money and Privately Managed Charities, *The Survey*, Vol. XXXIII (1914), pp. 110-112.

PAYMENTS FROM THE STATE TREASURY FOR THE SUPPORT OF STATE INSTITUTIONS, INCLUDING PENITENTIARIES, REFORMATORIES, INSTITUTIONS FOR DEFECTIVES, HOSPITALS, THE SOLDIERS' AND SAILORS' HOME, SOLDIERS' ORPHANS' SCHOOLS, AND SANITORIA, IN 1891 AND IN 1914[1]

Institutions	1891[2]	1916[2]
Penitentiaries	$ 95,140	$ 520,551
Pennsylvania Industrial Reformatory, Huntingdon[3]	92,944	131,311
Pennsylvania Reform School, Morganza[4]	60,409	115,722
State Asylums for the insane	450,455	1,543,792
Institutions for defectives		741,707
Hospitals[5]	87,640	384,195
Soldiers' and Sailors' Home	72,500	99,500
Soldiers' Orphans' Schools	132,393	89,663
Sanitoria[6]		1,362,903
Total	$991,481	$4,989,344[7]

[1] From the *Reports* of the Auditors General for the years given. The amounts given do not include payments for such administrative expenses as the salaries or expenses of the Board of Pardons, the Board of Public Charities, and the like.

[2] For the fiscal year ending November 30.

[3] An industrial reformatory for men and boys.

[4] A reformatory for children.

[5] The state maintains a number of hospitals for injured miners in the coal regions.

[6] These sanitoria are for the treatment of tuberculosis.

[7] In addition to this amount the state expended $133,678 for the construction of buildings for new institutions not yet in operation.

to 1914 was 383 per cent, and to 1916, 402 per cent, while payments to privately managed concerns increased 654 per cent to 1914, and 428 per cent to 1916. It should also be noted that nearly one-half of the payments to state institutions were for the support of penitentiaries, reformatories, or asylums for the insane.

The increase in total payments for charitable institutions, both state and private, and for reformatories in Pennsylvania may properly be regarded as the result of forces that are everywhere at work to augment governmental expenditures for these objects. But the growth of the subventions both in absolute amount and as compared with expenditures

for state institutions must be traced to causes peculiar to Pennsylvania, since a similar development is not common among other states of the union.

The most general explanation of the enlargement of the grants is that they are a product of haphazard methods in state finance. Boards of trustees and managers of hospitals and homes are very naturally desirous of obtaining assistance from the state if the conditions attached to the payment of appropriations are neither numerous nor exacting. In Pennsylvania, the conditions imposed have been extremely liberal. Furthermore, the state has never had a budgetary policy. Without careful comparison of the amounts expended for various general divisions of governmental activity, and without judicious appraisal of the relative benefit to be derived from each service, it is not difficult for one or two branches of expenditure to out-run all others. The absence of such comparison and appraisal in Pennsylvania has made it possible for the subventions to privately managed concerns to increase rapidly.

A further cause for the increase of this type of subvention is the character of the state's revenue system. Practically all the revenue of the state is derived from taxes upon corporate wealth or upon business, and the majority of the people and of the voters pay no direct state taxes. It follows, therefore, that property owners throughout the state are only indirectly interested from a pecuniary standpoint in the disposition of funds by the legislature. Without attempting to state at this point whether the subvention policy is good or bad, we may still assert that it seems very likely that a lack of interest on the part of the majority of taxpayers makes lavish expenditure possible.

Large subventions to privately managed concerns are further facilitated by that clause of the constitution which requires the appropriation to each charitable institution to be voted upon as a separate measure. The purpose of this provision was to make each grant stand upon its own merits and to prevent improper and indefensible subsidies from being included in the same bill with such necessary and urgent appropriations as those for the support of general government. But in recent years the number of appropriation bills has become so large that it is practically impossible for the members of the legislature to get a comprehensive view of the total of appropriations for charity. The ordinary member cannot know definitely when he is asked to vote upon a grant to any given institution how large will be the total of all such grants when the session is over. To make each institution stand on its own merits is undoubtedly a wise provision, but a systematic budgetary statement should be insti-

tuted in order that the members of the General Assembly may know how large the total of such appropriations will probably be after all proposed bills have been passed.

At the present time the amount granted to any particular institution, and the total of all appropriations are determined, subject to the governor's veto, by the chairmen of the appropriation committees. When the bills are reported by the committees they are, in a majority of cases, accepted by the two houses without question.[12] In one instance in recent years the Senate refused to consider the protest of a senator against an appropriation to an organization in his own district.[13] Procedure within the committees is not revealed to the public. Only infrequently is it necessary for a committee to explain why the grant to a hospital or home has been increased or decreased, and there is ground for believing that the real reasons for making some appropriations would not bear inspection.[14]

A reading of the laws upon the subject might lead one to believe that the state board of charities played an important part in determining the amount and distribution of the total appropriation. Each institution is required to submit to inspection by a representative of the board whose duty it is to decide whether the work of the concern is satisfactory. Furthermore each organization that expects to receive state aid is legally required to make its request through the board. The board then decides upon the amount that, in its judgment, should be granted each institution and transmits its recommendations to the General Assembly.

The appropriation committees appear to pay little attention to these recommendations, preferring to rely for guidance upon the reports of their sub-committees and upon such other information as may come to them. In 1913, 157 private hospitals and 7 sanitoria for consumptives applied to the state board for aid. They asked for $6,660,763 for maintenance and $3,944,431 for buildings for the biennium ending May 31,1915. The board recommended $5,013,138 for maintenance and $32,000 for building Seven applications were rejected entirely.[15] Homes and miscellaneous.

[12] Fleisher, A. Pennsylvania's Appropriations to Privately Managed Charitable Institutions. *Pol. Sci. Quar.* Vol. XXX. p. 29.

[13] *Ibid.*

[14] See *infra* pp. 218 ff. where this subject is taken up more fully.

[15] Board of Public Charities, *Preliminary Report* (1913), pp. 149-156. In a leaflet published subsequent to the *Preliminary Report* the statement is made that 149 hospitals were recommended to receive $4,949,638 for maintenance and $32,000 for build-

institutions asked for $1,757,950 for maintenance and $537,690 for buildings. The board approved $1,058,152 for maintenance and $1,000 for buildings.[16] The legislature at its next session, in 1913, voted $7,189,900 to hospitals and sanitoria for maintenance and buildings,[17] and $1,198,565 to homes and miscellaneous organizations.[18]

It is apparent from the data that in making up the appropriations for subventions for charity the committees pay very little attention to the advice of the board. It is commonly stated by legislators and by other state officials in conversation that the General Assembly has in the past approved these bills with a full knowledge that they are excessive, that the revenues of the state will not be sufficient to meet them, and that the governor will be compelled to reduce them. This practice is undoubtedly responsible in part for the growth of appropriations to privately managed charities.

The increase of biennial appropriations under this system is shown in the table on following page.

Large appropriations to these institutions have also been due in the past to political manipulation. It has been asserted,[19] and never successfully denied, that the appropriations have been used to further the interests of political parties. A conservative newspaper stated in 1912 that the appropriations were " . . . made one of the agencies by which the corrupt political machine has cemented its power among its followers in the Senate and House, and among the people who are interested in humanitarian uplift."[20]

The grants are used by those in power in a number of ways. Sometimes a portion of the appropriation, it is asserted, is paid by the bene-

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ings. See *Commonwealth of Pennsylvania, Statistics Compiled by the Board of Public Charities, showing amounts recommended, appropriated and approved for charities, session of 1913, for the two years ending May 31, 1915.*

[16] Board of Public Charities, *Preliminary Report* (1913), p. 164.

[17] *Statistics Compiled by the Board of Public Charities*, etc., A leaflet.

[18] These figures do not include the appropriations to schools for defectives or for reformatories or for the county hospitals for the insane.

[19] See a series of papers read in the general meeting of the Medical Society of the State of Pennsylvania, in 1909, especially those by Dr. John B. Roberts and Dr. Horace G. McCormick, *Pennsylvania Medical Journal*, vol. XIII, pp. 250-267, and the discussion following. Even those among the medical profession who defended the grants to hospitals could not deny that politics played a part in the appropriations.

[20] *Philadelphia Public Ledger*, 9 May, 1912.

LEGISLATIVE APPROPRIATIONS FOR CHARITY, 1889–1913[1]

Legislative bienniums[2]	Appropriations to state and semi-state institutions[3]	Appropriations to institutions not under state control[4]
1889-91	$1,511,077	$1,644,096
1891-93	2,184,208	1,722,687
1893-95	2,194,086	2,496,516
1895-97	2,356,440	2,371,144
1897-99	2,603,387	2,434,687
1899-01	2,860,694	2,299,030
1901-03	3,277,790	3,024,025
1903-05	4,671,723	4,657,100
1905-07	6,858,179	4,142,550
1907-09	4,961,975	5,502,600
1909-11	5,362,864	5,300,400
1911-12	6,047,187	6,249,400
1913-15	6,747,246	5,960,520

[1] Board of Public Charities, *Report* (1915), p. 260.

[2] The legislature meets in odd years, and appropriations are for expenditures for the two years beginning June 1 of the year in which they meet.

[3] State institutions are those entirely under the ownership and control of the state. But appropriations for the indigent insane, for the treatment of tuberculosis, and for soldiers' orphans are not included. Semi-state institutions include the schools for the blind, the deaf-mutes, and for a private hospital for the insane. These institutions are either paid an annual amount for each person cared for at state expense or are given lump-sum grants; they are partly controlled by the state.

[4] These include privately managed hospitals, homes for children and the aged, training schools, industrial schools, societies for the prevention and treatment of tuberculosis and some miscellaneous organizations.

ficiary of the grant into the local party treasury.[21] But such methods are not usual. Probably the most common method of utilizing the grants for political purposes is their employment to influence the votes of members of the state legislature. If a member fails to secure liberal appropriations for the various charitable organizations in his district he endangers his chances of re-election. On the other hand, if he is very successful in obtaining subsides he is sure of the support of the voters interested in, or connected with the institutions receiving aid. Thus

[21] See a statement by H. W. Cattell, Discussion, *Pennsylvania Medical Journal*, Vol. XIII, pp. 267-277.

the subsides to privately managed charities are Pennsylvania's "pork barrel."[22]

The use of the subvention for political purposes is not of recent origin.[23] In 1891 Albert S. Bolles stated that the appropriations were not made in accordance with any rule and that he had evidence that in some cases the state paid more than the entire annual expenses of the institutions subsidized.[24] However, the more serious evil was the demoralization of the members of the legislature. Friends of the "charities" had used their influence to secure the appointment of committees favorable to lavish distributions.[25] "When this preliminary is finished, the work of the legislator begins. He must never lose sight of the 'charity' in his district. He must, therefore, keep on good terms with everybody; he must antagonize no one; he must oppose no scheme however bad it may be; he must help others whether their bills are meritorious or not, . . . all these things must be done in order to secure an appropriation for the 'charity' in his own district. And still more, the less deserving the charity the harder he must labor, the more he must debase himself in order to succeed."[26] For, if he did not, it was very probable that he would fail of re-election.

In recent years newspaper comment on the subject has been frequent. At times it has been plainly stated that the making of appropriations has involved political support.[27] In 1905 the Board of Public Charities, in advocating a uniform system for determining the amount of the appropriations, stated that the application of a rigid rule " . . . would do away with what is now a crying evil, an institution of great influence being able, under the present system, to secure a much larger appropriation than is possible to a similar institution doing the same service, *but not possessing the same influence.*"[28]

Instances of careless extravagance are sometimes discovered. In 1899 the legislature appropriated $175,000 annually for the Soldiers'

[22] See a statement by Mr. Dunn in the House of Representatives in 1913. *Legislative Journal*, p. 487.

[23] For conditions existing 1860-1870 see Chapter V.

[24] Revenue Commission of 1889, *Report*, p. 147.

[25] *Idem*, p. 148.

[26] *Ibid.*

[27] See *Philadelphia Public Ledger*, 19 January, 1910; 29 December, 1910; 9 May, 1913; and 7 April, 1913; also *Press*, 18 January, 1910, and 21 May, 1913 for comments on the wastefulness of appropriations. See also *Record*, 20 January, 1910; *Inquirer*, 18 January, 1910; *Public Ledger*, 9 May, 1912.

[28] *Report* (1905), p. 4. Italics are the author's.

and Sailors' Home at Erie. The governor reduced this to $100,000, because only that amount had been used annually by the home during the previous two years, although $175,000 had been appropriated.[29] In 1913, the Charleroi-Monessen Hospital, in Washington County, asked the Board of Public Charities for $10,000 for the two years ending May 31, 1915.[30] The board approved $5,000.[31] When the bill making the appropriation came up for final passage in the House it carried $20,000.[32] In the same year the Punxsutawney Hospital Association applied for $28,000, which the board reduced in its recommendation to $19,200, or $9,600 annually. The report reads, "*If need is the test*, the recommendation should be $9,600."[33] The committee on appropriations, whose chairman represented the district in which the hospital was located, reported an appropriation of $53,000 for two years.[34] Commenting on the subventions to private hospitals in Pennsylvania, Mr. Abraham Flexner says, "That this policy is thoroughly objectionable and demoralizing is beyond dispute. The state has neither right nor business to make presents to private corporations that it can neither regulate nor control. And the level of civic life in Pennsylvania has been greatly lowered by the log-rolling and favoritism that the possibilities of 'pull' have created."[35]

In brief, the appropriations have grown because the party leaders have found in them a convenient means for securing the adherence of influential citizens and for coercing members of the legislature. Subventions are more effective for accomplishing these ends than are appropriations to state institutions, since no locality takes as much interest in a state hospital or orphanage as it does in one that is controlled, managed and supported, in part, by the leaders in town or city life.

Before the subventions could have been converted into a political tool, however, they must have been approved by a large portion of the voters within the state. It would be absurd to suppose that so large a proportion of the state funds as is now paid to privately managed charities could continue to be so disbursed if the voters of the state were opposed to the policy. A threat from the party leaders that the

[29] *P.L.* (1889), p. 345. This is a state institution.

[30] Board of Public Charities, *Preliminary Report* (1913), p. 44.

[31] *Ibid.*

[32] *Legislative Journal*, p. 3661, col. 1.

[33] *Preliminary Report* (1913), p. 77. Italics are the author's.

[34] *Legislative Journal*, p. 4214.

[35] *Medical Education in the United States and Canada*, p. 299. The entire context is given but the last sentence is the significant one for this discussion.

appropriations for institutions in his district will be reduced can be effective in coercing a legislator only if his constituents expect him to secure those appropriations. A fundamental reason for the existence, persistence, and growth of the subventions is the fact that the people of Pennsylvania demand them.

But this demand is not necessarily the product of a reasoned conclusion that the subvention system is the best that can be devised. It is more the result of local enterprise, local civic pride, and a strong competitive spirit. If one town in a county receives a subvention that enables it to maintain a first-class hospital, other towns of equal importance very naturally seek to establish hospitals by the same means. Moreover, the rivalry is not confined to cities. Charitable organizations, churches that control eleemosynary institutions, and even groups of physicians seek to obtain grants to build up hospitals, homes, and other institutions. Once a few subventions have been made, the demand is sure to grow as the unaided organizations perceive how much easier it is to secure funds from the legislature than from individual contributors.

That the hospitals and homes in many communities could not be maintained without state aid is conceded by practically everybody. That the work they do is mostly meritorious and generally undertaken by their trustees and stockholders for humanitarian pruposes and with the highest ideals is also conceded. Because these institutions are operated for such laudable purposes it is difficult for the people in the communities in which they are located to understand why the state should not aid them liberally. One who questions the wisdom of the grants is everywhere met with the reply that hospitals and orphanages are philanthropic enterprises, that their sole function is to relieve human suffering and to alleviate misfortune, and that no worthier object of public expenditure can be named. In this manner, expansion of the appropriations is usually justified alike by physicians, by trustees, and by the general public.[36]

The Constitutionality of the Grants

Two sections of Article III of the present constitution of the state deal especially with appropriations to charitable institutions. The first provision is as follows: Article III, Section 17. "No appropriation shall be made to any charitable or educational institution not under the absolute control of the Commonwealth, other than normal schools

[36] See statement by Dr. Horace G. McCormick, Advantages of the Pennsylvania System, *Pennsylvania Medical Journal*, Vol. XIII, pp. 265-267.

established by law for the professional training of teachers for the public schools of the State, except by a vote of two-thirds of all the members elected to each House."[37]

This provision does not, it is obvious, enjoin the legislature from making appropriations to private institutions and organizations. It merely requires that they shall be passed by a two-thirds majority of all the members *elected* to each house. The purpose of the makers of the constitution in inserting this provision in the fundamental law was undoubtedly to exclude from participation in the bounty of the state all institutions that did not have a clear claim to such assistance.[38]

The next section reads as follows: Article III, Section 18. "No appropriation, except for pensions or gratuities for military services, shall be made for charitable, educational or benevolent purposes, to any person or community, nor to any denominational or sectarian in-institution, corporation or association."[39]

The wording of this section seems to indicate the intention of the convention absolutely to prohibit appropriations for educational or charitable purposes to any person or community. Furthermore, denominational or sectarian institutions, corporations, or associations are also denied assistance.

Neither of these sections has, in practice, prevented appropriations to privately managed concerns. Section 17 is rendered of no effect by a gentlemen's agreement that appropriations for charitable institutions as reported by the appropriation committees shall not be opposed. A kind of legislative courtesy prevails. Only occasionally is there any opposition and then, in some instances, the bills are referred back to the committees.[40] If explanation of some unusual increase or of a grant to a new institution is demanded, consideration of the bill is sometimes postponed. Opposition is, however, infrequent. As one representative put it " . . . none of us want to vote against any appropriation bill. . . "[41] Another member boasted that there was no man in the state who would do more than he to aid the "charities" of the state.

[37] Thorpe's *Constitutions*, Vol. V, p. 3128.

[38] See *supra*, Chapter V, pp. 133-134. Compare Fleisher, Pennsylvania's Appropriations to Privately Managed Charitable Institutions. *Pol. Sci. Quar.* Vol. XXX, pp. 15-26.

[39] Thorpe's *Constitutions*, Vol. V, p. 3128.

[40] Fleisher, A. Pennsylvania's Appropriations to Privately Managed Charitable Institutions. *Pol. Sci. Quar.* Vol. XXX, pp. 15-26.

[41] Mr. John R. K. Scott, *Legislative Journal* (1913), p. 4342, col. 1.

He went on to say that he would consider it a dereliction of duty on his part to obstruct the passage of appropriations in their favor.[42]

It might be thought that such occasional utterances should be regarded as examples of oratorical extravagance or as sarcastical remarks proceeding from political disappointement were they not substantiated by the actual practice of the legislature in passing bills. On May 28, 1913, the House convened at 3 P.M. and after diposing of much business, the record of which fills sixteen pages of the *Legislative Journal*, they passed without discussion forty-seven appropriation bills on third reading.[43] There then ensued a discussion of some length concerning the forty-eighth bill. And after that the House took a recess at 6:45 P.M.[44] Each of the forty-seven bills was passed by a vote of 199 to 0, the ayes and noes being required by the constitution.[45]

The constitutional majority is thus obtained without opposition. Furthermore, it is evident on the face of the record that the roll could not have been called on all these bills and the votes recorded in the short time that elapsed. The explanation of such an expedition of public business is found in the statement of Mr. Fleisher that "In these instances, the first name on the roll was called and the house shouted aye."[46] The provision of the constitution that the ayes and noes be called on bills on final passages is thus evaded. But this is not after all so significant. It is far more important that no member cared to protest against the passage of any of these appropriations. As has already been pointed out, it is unusual for the judgment of the committees to be questioned.

That part of Article III, Section 18, which prohibits appropriations for charitable or benevolent purposes to any person or community or to denominational or sectarian institutions has never received judicial interpretation, and it is probable that the exact meaning of the section has never been understood by the people of the state.

In 1873, before the present constitution had gone into effect, a pamphlet appeared in which some criticisms were advanced against

[42] Mr. Fow, *Legislative Record* (1899), p. 1786.

[43] *Legislative Journal*, pp. 3635-3652.

[44] *Idem*, p. 3655, col. 1.

[45] Article II, Section 4.

[46] Fleisher, A. Pennsylvania's Appropriations to Privately Managed Charities. *Pol. Sci. Quar.* Vol. XXX, p. 31. Mr. Fleisher referred in this quotation to the general practice of the General Assembly.

it.[47] The writer severely criticized Sections 17 and 18 of Article III because they were not sufficiently definite. What did the terms "person" and "community," as used in Section 18, include? Was an unincorporated charitable institution a person? If so, appropriations for charitable institutions not owned by the state were completely forbidden.[48] Again, what was a sectarian institution? Did the control of an institution by church authorities make it "sectarian" in the meaning of the constitution? The writer of the pamphlet was of the opinion that no appropriation could be made to any private charitable institution after the new constitution went into effect.[49]

There is evidence that the Board of Public Charities also believed that the effect of Section 18 would be to prevent further appropriations for the assistance of orphanages established and controlled by religious organizations. The board memorialized the constitutional convention not to include Sections 17 and 18 because the restrictions they contained would prohibit appropriations to this class of private charities.[50]

The first case in which the provisions of section 18 were invoked to prevent an appropriation was that of Lincoln University. This institution was so clearly under denominational control that the state Superintendent of Public Instruction, acting on the advice of the Attorney General, refused to issue a warrant in its favor.[51]

For a few years after 1874 grants to hospitals and to orphanages (exclusive of amounts paid to those that supported soldiers' orphans) ceased entirely. But they began slowly to increase during the decade 1880-90. It is evident, however, that the provisions of Article III, Section 18, were looked upon as restricting such appropriations. In 1885 the Board of Public Charities refused to approve the application of St. Agnes Hospital of Philadelphia, for $20,000 assistance " . . . to extend its usefulness" because it was, in their opinion, a sectarian institution. The board reported, "This [institution] being under the control of a religious denomination, is not, under the constitution, privileged to receive state aid, hence the approval requested must be denied."[52] In this case the legislature appears to have followed the recommendation

[47] Price, Eli K. *Some Objections to the Proposed Constitution.*

[48] *Idem*, p. 6.

[49] *Idem*, p. 7.

[50] *Report* (1873), pp. lix-lxix.

[51] *Supra*, Chapter VII, p. 195.

[52] *Leg. Docs.* (1884-85), Report of the Board of Public Charities on Applications for State Aid, p. 25.

of the board and no appropriation was made. Unfortunately the board did not lay down rules for determining when an institution was sectarian or denominational.

During the latter part of the decade 1880-90 grants to hospitals and orphanages multiplied. How the prohibitions of the constitution were avoided is not entirely explained. It may be supposed tht some of these concerns were not under the control of any denomination and that Section 18 did not apply to them. Some, on the other hand, made a pretense of being undenominational by placing upon their boards of trustees persons who were not members of the denomination that actually dominated these boards.[53]

In recent years, some of the orphanages and hospitals receiving state aid were clearly denominational and sectarian in the ordinary meaning of those words. Mr. Fleisher has reported instances in which institutions were entirely controlled and managed by the members of a particular sisterhood in whose name all the property was held.[54] In other instances the religious teaching within the subsidized institutions was limited to representatives of the protestant denominations. One concern that received state aid limited its benefactions to Jews.

As has been stated, the constitutionality of the present system of grants to privately managed charitable institutions has not been (i.e. as late as 1916) passed upon by the supreme court of the state.[55] It would be very difficult to put an end to the present system by invoking the provisions of Article III of the constitution against the appropriations. It must be assumed that the majority of the people of the state is favorable to the present arrangements if the action of the legislature and the absence of wide-spread agitation against them are good indications. In order that the decisions of courts should be effective against the present policy of the General Assembly, they would have to be sweeping and inclusive in their scope.

Now the constitution does not prohibit appropriations to all private institutions of a charitable character, but only to those that are sectarian

[53] Joint Legislative Committee on Charities and Corrections, 1891, *Senate Journal* (1891), p. 804.

[54] Fleisher, A. Pennsylvania's Appropriations to Privately Managed Charities. *Pol. Sci. Quar.* Vol. XXX, pp. 33-34.

[55] At various times, the question has been widely discussed among those who advocate making the appropriations in a more systematic manner. On one occasion, an action at law to test the validity of the appropriations was contemplated. However, nothing was done, probably because the legal advice obtained by the men who planned the action was not favorable.

or denominational. As the first step in combatting the grants, it would be necessary to attack one or more appropriation acts making subventions to charitable institutions. And, since the courts would not take cognizance of irregularities in legislative procedure such as have been described, the only ground upon which the unconstitutionality of the appropriations could be urged would be the sectarian or denominational character of some of the hospitals and homes.

The whole question would turn upon the meaning of the words "sectarian" and "denominational" as found in Article III, Section 18, of the constitution. The only cases in which the courts of the state have been called upon to decide upon the meaning of the prohibitions against the appropriation of public funds for the support of sectarian institutions have involved the employment of members of religious orders as teachers in the public schools. In a leading case, it was decided by a court of original jurisdiction that the payment of public funds as compensation to such teachers was not in violation either of Section 2, Article X, or Section 18, Article III. When the case was brought before the supreme court on appeal the decision of the lower court was sustained.[56]

In deciding this case, the judge of the lower court said, "The plain and obvious meaning of the 2d section of Article 10 and of the 18th section of Article 3, is that money raised by compulsory taxation for the support of the public schools or other public purposes shall not be used for the propagation or encouragement of the doctrines of any religion or church—as the term is commonly used—since that would be a diversion of the money from the purpose for which it was raised, and in direct violation or Article 1, Section 3, of the constitution. . . ."[57] The court said further that the prohibitions of the constitution were against the appropriation of funds for the support of institutions and schools "under the control or management of some particular sect and organized for the purposes of such sect. . . ."[58] The lower court held that the employment of members of a Catholic sisterhood to teach in a public school did not make it a sectarian school within the meaning of the constitution.[59]

In the same case, the plaintiffs in the original suit asked the court to issue a permanent injunction against the use of a public school building by the members of a Roman Catholic sisterhood for the purpose of imparting instruction in the doctrines of the Roman Catholic Church. This

[56] *Hysong v. School District*, 164 Pa. 629.

[57] *Ibid.* These are the words of the opinion as quoted by the Supreme Court.

[58] *Idem*, p. 642.

[59] *Idem*, p. 648-649.

injunction the court granted saying that the use of the building for this sort of religious instruction was in violation of the sections of the constitution cited.[60]

It is obvious that the portions of the opinion of the lower court that have been given are far from decisive with respect to appropriations to hospitals. In the first place, the statements of the court were not made in a case involving the grant of funds to a private institution. The schools are public while the hospitals and other institutions that receive subsides are private concerns. In the second place, two sections of the constitution were being interpreted and it is impossible to determine the meaning the court attached to the works contained in Article III, Section 18, which is the only one that might be invoked to prevent the General Assembly from granting money to privately managed charitable institutions. Finally, insofar as the case involved the use of the school building for religious instruction, it was not reviewed by the supreme court.

But even though the supreme court should at some future time decide that the legislature had no authority to assist with money any institution that is owned or controlled by a religious or sectarian organization or body, the effect upon the grants would not be important unless the legislature should consent to abandon the present system. It would be possible in most cases for the legislature to observe the letter of the law and yet continue the appropriations. Corporations, a minority of whose directors were laymen or perhaps non-members of the church or sect really controlling, could be organized to take over the hospitals and orphanages. These institutions would not be operated for the propagation of any particular doctrine or creed, nor would they be controlled by any sect or religious order. If the present system is ever discontinued or modified, it will be with the consent and co-operation of the people acting through the legislature and not in spite of them.

The Effect of the Subvention Policy upon the Development of State Institutions

To a certain extent the privately managed charitable institutions that the state subsidizes duplicate the services provided by state institutions. This is true in the case of the semi-private asylum at Dixmont, several organizations for combatting tuberculosis, and the institutions for epileptics and the feeble minded. But in these instances the duplication

[60] 164 Pa. 652.

is more apparent than real, since both state and private agencies are not adequate to meet the demands made upon them.

The state institutions are of three classes. In the first class are the asylums for the insane and feeble minded, and the prisons and reformatories. To commit a person to an asylum or to sentence him to prison requires the authority of the state, and that authority is further necessary to restrain, to discipline and to punish criminal offenders. Hence, prisons and reformatories for adults are universally state institutions.[61] In the case of reformatories for children, the same argument applies, but with less force, because these institutions partake largely of the nature of schools and because the guardianship of children is frequently committed to private persons.

The state is also the logical custodian and guardian of the indigent insane. Here again, restraint and deprivation of liberty are usually necessary. But a more important reason is the indefinite period of care and treatment required. The state is the only agency that can with assurance undertake to provide this in all cases. Finally, the weight of authority now asserts that the indigent insane are likely to receive better care in the larger more elaborate institutions such as the state alone has been able to provide than in smaller local and private asylums.[62] Another class of defectives that requires care and restraint for an indefinite period includes the feeble minded and the epileptics. In the case of these defectives, as in that of those commonly called "insane," the state has a two-fold duty: it is bound by the humanitarian principles for which it stands to alleviate suffering and misery, and it is also bound by principles quite as strong to protect itself.

That the violent insane should be restrained is a proposition to which all would agree. Public opinion has not as yet, however, given full assent to the equally important proposition that a large proportion of the epileptics and the feeble-minded should be restrained, or at least subjected to custodial care. But such opinion is gaining ground as the heritable character of certain types of feeble-mindedness becomes more fully established. With the growth of the demand for custodial institutional care for a large proportion of the feeble-minded, the state will

[61] This includes, of course, county and municipal prisons.

[62] See *infra*, p. 234. It is not asserted that private asylums, hospitals or sanitoria cannot, or do not provide excellent treatment for all types of mental disease. But these institutions are not usually open to those whose estates or relatives cannot provide ample remuneration. The problem that confronts society is how best to deal with the *indigent* insane.

have a much larger burden of expense to bear.[63] How large an expenditure would be necessary to provide institutional care for this class of defectives cannot at present be estimated since no census of the class has ever been undertaken.

In so far as the state government recognizes responsibility for charitable relief and for correctional institutions, its first duty is to provide reformatories for adults, hospitals and custodial care for the insane, epileptics and feeble-minded, and reformatories and training schools for neglected and delinquent children. These services are vitally important for the entire community, and since no other agency can now be relied upon to undertake the work, the state must do it, if it is to be well done, or, in many cases, at all.

The second class of persons who are likely to require charitable assistance is composed of the sick and mained who, because of their physical disabilities or for other reasons, are unable to pay for treatment. Institutions ministering to this class include hospitals, sanitoria for tuberculosis and homes for those afflicted with disabling, incurable diseases. Institutional and extra-institutional assistance of a permanent or a temporary character is also frequently provided for those who are unable to earn enough to maintain themselves. In general, paupers and indigent cripples and incurables are looked after in Pennsylvania by the local poor authorities.[64] The aged and the incurables are also assisted by private institutions some of which receive state aid. The indigent sick may find free treatment either at the expense of the local governments or in private hospitals. The latter are liberally subsidized by the state.

Moreover, the state supports ten hospitals for persons injured in the coal mines. In 1914 these hospitals reported receipts of $337,662 from state appropriations, and $46,912 from patients and their friends.[65] These hospitals were established because it was asserted that facilities for speedy treatment of those injured in the mines were not adequately provided by private hospitals. The statistics just cited show that in

[63] One of the principal reasons for confining the feeble-minded in institutions is to prevent them from propagating children, a proportion of whom is likely to inherit some form of insanity or feeble-mindedness. This argument is, of course, strongest in the case of women of child-bearing age.

[64] For a statement of the development and present status of poor relief in Pennsylvania, see Heffner's *History of Poor Relief Legislation Pennsylvania, 1682-1913.*

[65] The latter class of payment was presumably for treatment. Board of Public Charities, *Report* (1914), p. 210.

nearly all cases the patients are treated free of charge. The amount appropriated by the state is, however, not large when compared with the total of all its expenditures for charitable relief.

In addition to reformatories, asylums for the insane and feeble-minded, and the hospitals for injured miners, the state also supports sanitoria for tubercular patients. In 1916 over $1,300,000 was expended for this service alone.[66]

A third class of charitable institutions is made up of schools for the blind, the deaf and dumb, and for soldiers' orphans. The schools for defectives, of which there are now six, are privately owned and managed, but all receive the larger part of their revenue from the state. Thus, in 1914, the four schools for the deaf and the deaf and dumb reported total receipts of $348,723 exclusive of loans. Of this amount $303,621, or 87.1 per cent, was derived from the state.[67] In the same year, the two schools for the blind reported receipts amounting to $143,205 of which $97,863, or 68.4 per cent, was paid by the state.[68]

The state contributes to the support of these schools in two ways. It pays a fixed amount annually for each child who is a resident of Pennsylvania and whose relatives are not charged with the cost.[69] It also makes appropriations for equipment and to meet deficits incurred by the various institutions.[70] The feeble minded and epileptics are cared for in part by the state and in part by a privately owned and managed institution for children.[71] The state maintains two institutions, one at Polk and one at Spring City. The private institution received $152,171 from the state in 1914, and $118,287 from other sources, including $53,575 from pay pupils.[72]

Privately managed institutions that care for and educate the deaf, blind, or feeble-minded children receive the larger part of their appropriations in accordance with the number of children maintained at state expense. The state pays an annual amount per child, which is deter-

[66] Aud. Gen. *Report* (1916), p. 599.

[67] From the reports of the schools as published in the *Report* of the Board of Public Charities (1914), pp. 134, 145, 155, 162.

[68] *Idem*, pp. 168, 177.

[69] In theory the state appropriation is supposed to apply only for the support of indigent children.

[70] See statement as to state appropriations in 1913, for the school for the deaf at Scranton, Board of Public Charities, *Report* (1914), p. 162, and for the school for the deaf at Philadelphia, *idem*, p. 155.

[71] The Pennsylvania Training School for Feeble-Minded Children, at Elwyn.

[72] Board of Public Charities, *Report* (1914), p. 115.

mined by the legislature. Furthermore, the state Board of Charities is given power to determine whether the service is adequate and to prescribe standards. These institutions are therefore called "semi-state institutions" to distinguish them, on the one hand, from privately owned hospitals and orphanages which receive lump-sum grants, and, on the other, from state owned and operated concerns.

Soldiers' orphans are now cared for in special institutions. In 1914 the state disbursed $101,422 and in 1916 $89,663 on account of these schools.[73] Practically, no duplication results from the existence of these schools and the privately managed institutions since the state schools are open only to a particular class. Nor is there any duplication in the matter of the reformatories for juvenile offenders, although the western institution is state owned while that near Philadelphia is classed as a semi-state institution.

Now one of the criticisms that has been advanced against the Pennsylvania system of subventions is that the money which should have been used for the development of state institutions has been appropriated for the use of private concerns. In 1901 a committee of the National Conference of Charities and Corrections, in reporting on state subsidies to charity, made the following statement: "It is evident that in Pennsylvania enormous amounts are expended yearly for things of doubtful public utility, while for lack of funds, the state never has provided adequately for the insane, the feeble-minded, and various other classes."[74] This general statement of the committee is amply supported by the reports of the Board of Public Charities. In 1899, the General Agent of the board reported that although the legislature had been frequently appealed to, in previous years, to make more liberal appropriations for asylums for the insane and feeble-minded, it had failed to make accommodations for these classes more nearly adequate.[75] At this time, the treasury of the state was far from prosperous. But in spite of that fact, appropriations for privately managed hospitals and the like continued to amount to over $2,000,000 each biennium.[76] Yet it was the opinion

[73] Aud. Gen. *Report* (1914), p. 600.

[74] *Twenty-eighth National Conference of Charities and Corrections* (1901), p. 129. The committee was composed of the following men: Levi L. Barbour, Jeffrey R. Brackett, Homer Folks, Philip C. Garrett, Henry Hopkins, Alexander Johnson, and Frank A. Fetter, chairman.

[75] Board of Public Charities, *Report* (1899), pp. 8 ff.

[76] See table on p. 219 *supra*.

of the state board that the number of separate hospital organizations was considerably greater than required.[77]

The reports of the board for subsequent years also contain references to the neglect of the defective classes by the legislature.[78] In 1902 the state was badly in need of an asylum for the criminal insane and although the matter had been brought to the attention of the legislature several times, no appropriation had been made for such an institution.[79] Moreover, the General Agent of the board declared that so great was the overcrowding of institutions for defectives, such as the blind, the deaf mutes and the feeble-minded, that he often had difficulty in advising authorities where to place dependents belonging to these classes.[80]

The lack of accommodations for the indigent insane was emphasized by the report of the Committee on Lunacy in the same year (1902). "From every state hospital," they wrote, "comes the cry of overcrowding, and the almost supplication for much needed depletion." Wards were crowded by day; every available foot of floor space in corridors was utilized for for sleeping quarters; while in the dormitories beds were so closely placed that proper sanitation was almost out of the question.[81]

It was alleged that funds for building additional asylums were not to be had. This excuse the Committee on Lunacy deemed weak, since the General Assembly found ample funds for the support of private hospitals. The committee gave full recognition to the responsibility of the state to classes other than the insane, but they deprecated lavish appropriations to local hospitals while the insane were so inadequately provided for.[82] In their opinion it was time the state eliminated some of these appropriations and devoted the funds thus released to needs more pressing and to services that affected the community at large. Furthermore, they asserted that many of the new hospitals were unnecessary and served only to duplicate existing accommodations.[83] During the years 1902-1915 additional accommodations for the insane and the feeble-minded were provided. But even now facilities are inadequate.[84]

[77] *Report* (1899), p. 5.
[78] See their *Reports* (1901), p. 4; (1902), pp. 1-3.
[79] Board of Public Charities, *Report* (1902), p. 3.
[80] *Idem*, *Report* (1902), p. 4.
[81] *Idem*, Report of the Committee on Lunacy, p. 8.
[82] *Ibid.*
[83] *Idem*, *Report* (1902), Report of the Committee on Lunacy, p. 8.
[84] *Idem*, *Report* (1915), p. 271.

In 1914 a voluntary organization (The Public Charities Association of Pennsylvania) undertook an investigation of the care and treatment of the indigent insane. This organization secured the services of Dr. C. Floyd Haviland of the Kings Park State Hospital, of New York, to carry on the investigation. Dr. Haviland found that in none of the county or municipal asylums were the facilities for treatment of the insane equal to those of the state hospitals. He says, "The only results obtained in the State of Pennsylvania, which have been even approximately satisfactory have been in State hospitals."[85] This did not mean, of course, that the insane received and cared for by local asylums were maltreated or that they did not, in many instances, receive excellent custodial attention. What was lacking was accurate diagnosis and treatment by physicians who had made a special study of mental disorders.[86]

Dr. Haviland's conclusion, after a thorough study of the asylums, both state and local, was that only in the state hospitals could completely satisfactory treatment be given, and that, if the purpose of the community was to effect the largest possible percentage of recoveries, all the insane should be committed to state institutions. But this course of action was impossible since these hospitals were already filled to capacity and in certain cases overcrowded.[87]

The report condemned the county care system whereby the state assists the localities in maintaining local asylums. In only one respect was county care apparently superior to state hospitals: it was less costly. But, in Dr. Haviland's opinion, this was due to inferior treatment and poorer facilities in local institutions. As he put it, "Mere custodial care costs less than does remedial medical treatment."[88]

The Report of the Committee on Lunacy for 1915 contained a few pages of comment on the report of Dr. Haviland in which the attempt was made to minimize the evils that his report had revealed.[89] The Secretary of the Committee, by whom the comment was written, admitted that Dr. Haviland's work had been thoroughly and carefully done, but he believed that the lack of adequate treatment in county asylums might be overcome by certain reforms in the conduct of those institutions and by increasing the capacity of state hospitals. For the most part his recommendations are concerned with the complete separation of the

[85] *The Treatment and Care of the Insane in Pennsylvania*, p. 82.
[86] *Idem*, p. 90.
[87] *Idem*, p. 12.
[88] *Idem*, p. 88.
[89] Board of Public Charities, *Report* (1915), pp. 279-284.

county asylums from the county almshouses. The asylums should in all cases have separate buildings and separate boards of managers, and no local asylum should be permitted to receive patients under the county care act until it had complied with the requirements established by the Board of Public Charities. In reply to Dr. Haviland's criticism of the medical treatment of patients in a majority of the local hospitals the secretary of the Committee on Lunacy proposed that each local asylum should be in charge of a competent physician. He thus admitted that the criticism was well-founded and that the insane in some asylums had not had proper medical care. Moreover, the secretary was of the opinion that closer co-operation between the local and the state asylums was necessary in order that acute cases in the early stages of mental disease might be properly diagnosed and transferred to the central asylums where the chances of their recovery would be greatly enhanced.[90]

On the whole, the admissions of the secretary amounted to a confession of inefficiency and mal-administration in the management of the local asylums. He was unwilling, however, to recommend the abolition of the system, preferring to advocate a reform of the existing arrangements. Moreover, the Chairman of the Committee on Lunacy, Mr. Isaac Johnson, in his report to the Board of Public Charities, in 1915, strongly defends this county care system.[91] He asserts that the condition of the insane in the local almshouses has been steadily improved during the preceding twenty years, and that the distribution of the chronic insane in small asylums is preferable to assembling them in large numbers in state institutions.

If the state should undertake to provide hospital facilities for all the indigent insane, the present appropriations would undoubtedly prove insufficient. This would necessitate either an increase of state revenue, or an increase of the proportion of the cost now borne by the counties, or a reduction of state expenditure for other objects. When the first state asylum was established, the counties committing indigent insane to it were charged with the entire cost of maintaining them, the state providing only the material plant.[92] Later, in 1893, the removal of all insane to state hospitals was made mandatory and the state agreed to pay one-half of the cost of their maintenance.[93] At the present time, the state pays $2.00 a week for the support of insane in county hospitals

[90] Board of Public Charities Report (1915), pp. 283-284.
[91] *Idem*, pp. 271-275.
[92] Haviland, *The Treatment and Care of the Insane in Pennsylvania*, p. 9.
[93] *Idem*, p. 11.

in the county-care system. It also pays not more than $2.25 per week for the maintenance of patients in state hospitals. The remainder of the cost in the first case must be borne by the county. In the latter, a fixed contribution per patient per week is required of each county.[94]

It seems unlikely that the counties will be asked to contribute toward the cost of building state hospitals, and it is clear that if additional hospitals are to be provided the state must pay for them. The tendency in all branches of education, in road building, and in charitable relief is toward centralization and concentration. Practically, the state could not require the counties to pay a greater proportion of the cost of maintaining the insane in state asylums.

But if the state shall be compelled to expand this service, it will need additional revenue. Were other branches of state expenditure stationary, this would not be a difficult matter. But this is not the case. The first element in the increasing cost of government in Pennsylvania consists of those services included under the head of general government. In 1903, the cost of these services was $1,663,027 and by 1913 it had increased to $2,907,148,[95] or an increase of 74.8 per cent in ten years.

The cost of protection to persons and property increased during the same decade from $1,384,558 to $1,758,987,[96] or a gain of 27.0 per cent. In 1903, the state paid out $44,608 for highways and in 1913 the amount expended in building and maintenance of roads was $1,516,361.[97] The growth of expenditures for educational purposes as has already been shown has also been very rapid.[98]

Given the condition of increasing cost of services now borne by the state, only two methods are open for financing the needed hospitals to care for the insane and other defective classes: either the state must develop new sources of revenue or it must economize and restrict expenditures for services now performed. Probably it could do both. But there are no data now at hand to show where these economies could most profitably be effected. With a total expenditure amounting to over $35,000,000 net (in 1916), the state needs a scientific budget. It also needs a thoroughgoing investigation of state and local revenue systems by non-partisan experts to determine whether the corporations which now

[94] Haviland. *The Treatment and Care of the Insane in Pennsylvania*, pp. 11-12.
[95] Bureau of the Census, *Wealth, Debt and Taxation* (1913), II, pp. 40, 42.
[96] *Ibid.*
[97] *Ibid.*
[98] See *supra* Ch. VII.

pay the greater part of the state taxes are contributing more or less than should in justice be demanded of them.

If, however, it be assumed that the expenditure for some of the various services now supported by the state could not be reduced without serious impairment of those services, it is still true that the revenues of the state should be devoted to those uses which are, from the point of view of the state as a whole, most important.

One of the principal objections to the grants to privately managed hospitals is that the service they render is purely local in character and that the state, therefore, should not contribute to their support.[99] As was pointed out in Chapter II, there is no sharp distinction between local and state services. But it is safe to say that when a service can be efficiently performed by local governments, when the units of equipment are of necessity able to serve only a restricted area, and when neglect in performance affects chiefly the people in the district where such neglect occurs, that service should be locally supported and administered. The service performed by free hospitals for the sick and the injured is largely of the kind described. There is, at the present time, little reason to believe that a system of state hospitals would be more efficient than a large number of locally administered hospitals. And there is less reason to suppose that the present haphazard method of subsidizing hospitals conduces to anything like efficiency. In the second place, it cannot be denied that an ordinary hospital serves a very restricted area. The insane, the deaf-mutes, the blind and the feeble-minded can be gathered together from large areas into state institutions. But the injured and those suffering from infectious and malignant diseases cannot in a majority of cases be so assembled. Finally, if a local community neglects to provide adequate accommodation for the indigent sick, the remainder of the state is not very directly affected. No doubt the lessening of the productive power of the people and the dispersion of families which may result from the neglect of this type of charitable relief is far-reaching in its effects, but these effects are less controllable than are those resulting from neglect of education, of treatment for the insane, and of custodial care for defectives.

We may conclude, therefore, that the care of the insane and of the defective classes is a function that the state should perform before it undertakes to establish or to aid ordinary hospitals. In Pennsylvania

[99] See for example Board of Public Charities, *Report* (1902), Report of the Committee on Lunacy, p. 8. No objection was so frequently mentioned to the writer by people in the various parts of the state with whom he discussed the subsidy system.

the legislature has seen fit to spend very large sums for the support of such hospitals when it is the opinion of the Committee on Lunacy,[100] and of an independent expert that present provision for the insane is inadequate. Only in this sense have grants to privately managed charities *caused* neglect of state institutions. But there can be little doubt that the influence of the grants to hospitals has been to restrict the appropriations for services that are peculiarly adapted to performance by the state and that are state-wide in importance.

Grants for Permanent Improvements

A relatively large proportion of the amounts appropriated to aid private charities has been devoted to making permanent improvements. This has been especially true in the case of hospitals. The objections to this sort of grant are as serious as they are obvious, unless the state takes measures to secure reimbursement if the property is converted to non-charitable uses. To put a concrete case: Suppose that the General Assembly should appropriate $10,000 to a private hospital or orphanage for the purpose of constructing or aiding in the construction of a new building. Now the funds thus received cannot properly be used except to provide free treatment for those unable to pay.[101] But it is a difficult matter in many cases to determine whether a hospital, which has received large amounts to assist it in building and in purchasing euqipment, is rendering an equivalent service. Formerly it was possible for an institution that had received aid in making permanent improvements to refuse to take charity patients in subsequent years.[102]

State appropriations could thus be converted to private uses. In 1911, however, an act was passed which made all appropriations for structures or other permanent improvements liens upon the structure and the real estate upon which the improvements were erected. No interest was to be charged by the state, but if the institution sold the real estate or converted the property to purely private uses the state was entitled by the act to collect the amount of the appropriation.[103] This was also the policy followed in the case of the normal schools until the state came to hold a large equity in their property.

[100] See their Report, in the *Report* of the Board of Public Charities for 1914, pp. 265-266.

[101] An exception would, of course, be an appropriation to aid in the clinical work of a medical college.

[102] Board of Public Charities, *Report* (1900), p. 3.

[103] Act 9 June, 1911, *P.L.* p. 736.

The act of 1911 interfered, however, with the improvement of institutions because the lien of the state made it difficult to secure loans by giving mortgage bonds. So, in 1915, another act was passed which made the lien of mortgagees who might lend the institution money for improvements superior to that of the state. The act provided that the consent of the Auditor General and of the State Board of Public Charities must be obtained before any such mortgage could be given.[104] The interest of the state is thus fairly well safeguarded against direct and open conversion to private uses of property purchased with public funds.

State Subventions to Counties

The state now assists the counties in the maintenance of charitable relief with respect to two classes of dependents: (1) the insane, and (2) indigent widows and abandoned wives who have dependent children. State aid to counties for the purpose of assisting them in the maintenance of asylums for the insane is carried out under the authority of an act of 1897.[105]

Under this act 21 counties now care for the insane, receiving $2.00 per week for each indigent patient. In 1915 there were about 8,000 insane persons in these local asylums while the population of the state institutions was 10,876.[106]

On the whole the county care system has not worked well in Pennsylvania.[107] In theory the State Board of Public Charities is given power to compel the localities to provide equipment and treatment that shall in its judgment be adequate. The penalty that the board may inflict for refusal to comply is the revocation of the license of the local institution to conduct an asylum. Such revocation would automatically cause the withdrawal of state aid. How ineffectual this check has proved to be has been shown in Dr. Haviland's report.

By an act of 1913 the state undertook to provide a pension for indigent widows and abandoned mothers.[108] The act provided for a board of from five to seven women in each county to act as commissioners or trustees for the administration of the provisions of the law. In order to make application for a pension it was required that the applicant

[104] Act 29 April, 1915, *P.L.* pp. 200-202.

[105] Act 25 May, 1897, *P.L.* pp. 83-84. See also an earlier act of 26 June, 1895, *P.L.* p. 231. See also acts amending the act of 1897 as follows: Act 13 May, 1909, *P.L.* p. 535 and Act 25 July, 1913, *P.L.* p. 1355.

[106] Board of Public Charities, *Report* (1915), pp. 262-273.

[107] See *supra*, pp. 233 ff.

[108] Act 29 April, 1913, *P.L.* p. 18.

should "be worthy in every way," and that she should show that the pension was necessary to enable her to keep her children in her own home. The pension varied from $12.00 per month, when the mother had only one dependent child, to $26.00 when she had three, and five dollars for each additional child above three. The administration of the law was left entirely in the hands of the local trustees who served without pay but who were allowed compensation only for expenses. The state agreed to pay one-half of the amount expended in any county that accepted the scheme. The amount to be disbursed from the state treasury was limited, however, to $200,000 for the two years 1913-15. Accepting counties, were required to pay one-half of the amount necessary to meet the cost of the pensions.

By 1915 the plan had been accepted in some counties but only a part of the $200,000 had been disbursed. The law was amended in that year, the most important change in the act providing for the appointment by the governor of a woman qualified by training and experience to act as State Supervisor of the system.[109] The evident purpose of the legislature in providing for this official was to secure more control over the local boards of trustees and to encourage the acceptance of the plan by a larger number of counties. The supervisor is both the organizer and the administrative head of the system. She is required to travel from county to county to inspect the work of the boards and to make uniform rules for their guidance. She is also required to report annually to the State Board of Education.

The law of 1915 changed the method of distributing the subvention. By the act of 1913 the share of each county was determined by its population. But the act of 1915 created six classes of counties, according to population, and divided the funds available among them in arbitrary percentages.[110] How this scheme will work out in practice cannot, of course, be ascertained at the present time.

[109] Act 18 June, 1915, *P.L.* pp. 1038-1044.

[110] Class I, counties having a population of over 1,000,000; Class II, over 200,000 and less than 1,000,000; Class III, over 100,000 and less than 200,000; Class IV, over 50,000 and less than 100,000; Class V, over 25,000 and less than 50,000; Class VI, under 25,000. Counties in Class I are entitled to equal parts of 30% of the total appropriation; those in Class II to equal parts of 15%; those in Class III equal parts of 30%; those in class IV to equal parts of 15%; those in Class V to equal parts of 7%; those in Class VI, to equal parts of 3%.

Distribution of the Subvention to Charitable Institutions

The distribution of the subvention to private charitable institutions is not made, at the present time, according to any rule or predetermined scheme, except in the case of the appropirations to the various semi-state institutions. The amount any hospital, home, or organization shall receive rests primarily with the finance committees.[111] Some of the forces that determine how such an institution shall receive have been mentioned. As near as can be ascertained the following are the principal factors effective in fixing the grants obtained by various homes and hospitals: 1) the amount of the grant in previous years; 2) the requests of the managers of the various organizations; 3) the apparent need for these institutions in the communities where they are located; 4) political influence both of the members of the General Assembly and of other influential citizens in the communities; 5) the desire of party leaders to win or retain the support of the people within the localities; and 6) the recommendations of the Board of Public Charities. How important relatively each of these factors is in any given case cannot be determined. There is, however, no evidence to show that appropriations are made according to any definite rules.

That such procedure in appropriating public funds is uneconomical and undesirable in many other ways goes without saying. No doubt a great many people recognize this fact but as yet no workable substitute has been found. One reason that it has not been found is that many political leaders are well satisfied with things as they are.

For several years the Board of Public Charities has prepared a report which shows for each institution the number of free hospital days, the percentage of free treatment, the total cost of free treatment, and the amount received from the state for maintenance. These data are derived from the books and reports of the various hospitals which did not (in 1914) keep uniform accounts.[112] According to the report about one-half of the cost of the total free days is borne by the state.[113] But in some institutions the state pays practically the entire cost of free treatment, in others it pays less than 15 per cent, while a few hospitals, which have a large number of free beds, receive no state aid whatever.

This discrepancy may, of course, be due in some cases to the ability of institutions receiving little aid to take care of themselves. Wherever

[111] See *supra*, pp. 217 ff.

[112] *Statistics Compiled by The Board of Public Charities, 1914.*

[113] *Idem*, pp. 39-40.

this is the case the legislature is justified in refraining from giving them large sums. The present procedure in making the grants permits much flexibility, and enables the state to give liberally where the need is greatest and to withhold its aid where it is less. Hence a hard-and-fast rule in making appropriations would, from many points of view, be less desirable in theory than the plan which leaves the legislature free to make exceptions.

On the other hand, no one has ventured to assert that the comparisons and recommendations in the report of the Board of Public Charities are quite accurate. The board does not have a sufficiently numerous staff to inspect with the greatest care the numerous institutions that receive state aid. In 1915 there were eleven members of the board, including the general agent and secretary. The other ten members are not expected to devote a large amount of their time to the work. The general agent and four assistants and the special agent performed the major part of the inspection work.

As has been pointed out[114] the committees do not follow the recommendation of the board. Because of this tendency proposals have been made for a system of appropriations based upon the number of free hospital days furnished in each institution. To accompany this plan there is usually a proposal for uniform accounting and closer inspection of the hospitals. Undoubtedly the innovations would tend to prevent extravagance where it now exists and would eliminate many of the evil effects of the present procedure.

Another method for determining the amount of the subvention to each institution is also frequently suggested. Since a considerable degree of flexibility is desirable, a maximum payment per patient-day might be determined upon. But in case the hospital did not require that much, in case private philanthropy and generosity largely provided for free accommodations, the payment could be reduced. Now, of course, the committees would be unable to obtain accurate data upon which to base a judgment in this matter unless the Board of Public Charities should be armed with the power to prescribe and to enforce a uniform system of accounting. In 1913 the board was given power to require uniform accounts of all institutions receiving state aid.[115] The same act also gave the board the authority to employ such experts and clerks as might be necessary.[116] But the penalty attached to the refusal of

[114] See *supra*, p. 217.
[115] Act 1 May, 1913, *P.L.* p. 153.
[116] *Idem*, p. 151.

any institution to follow the requirements of the board in the matter of accounts is not all that could be desired, for the law merely states that in such a case the board shall not recommend any aid. But the legislature could still make the appropriation. Perhaps a self-denying ordinance will follow later.

The application of this scheme to homes for the aged, for the blind, and for other destitute classes and to orphanages would, of course, be much less difficult than to hospitals. In the former cases the population is more permanent and the service rendered is simpler, and, therefore, the determination of costs is much easier than in the case of hospitals.

Should the Subvention to Private Charitable Institutions Be Discontinued?

As was shown in the first section of this chapter, the last twenty-five years has witnessed a steady growth of the subvention to private charitable institutions. Along with the increase in the total has also come increasing complexity. New kinds of institutions have been added. The latest addition is a special subsidy for hospitals that have or shall have psychopathic wards.[117] It might appear, therefore, that any discussion of the advisability of discontinuing these grants was purely academic.

Protests against the policy have, however, appeared from time to time both in the utterances and reports of state officials and in the publications and propaganda of voluntary organizations. In 1897 the Auditor General protested against the entire subvention system as leading to waste and irresponsible expenditure.[118] Men of the medical profession have at times freely criticised the system.[119] The committee of the National Conference of Charities and Corrections on State Supervision and Administration has reported against the system.[120]

The principal arguments against the present procedure are as follows: 1) that the funds appropriated are often wasted or misapplied; 2) that unwise appropriations have multiplied institutions unnecessarily; 3) that the state should not appropriate funds to persons or corporations when it does not have control over the application of such funds; 4) that

[117] Act 9 June, 1911, *P.L.* p. 855.

[118] *Report* (1897), pp. xxi-xxii.

[119] See Statements of Dr. H. W. Cattell in *Pennsylvania Medical Journal*, Vol. XIII, (1910), pp. 276-277; also of Dr. W. L. Estes, *idem*, pp. 273-274; also the paper read by Dr. J. B. Roberts at a meeting of the Pennsylvania Medical Association, entitled, State Appropriations to Hospitals not under State Control. What Pennsylvania is Doing. *Idem*, pp. 253 ff.

[120] *30th Annual Conference* (1903), p. 365.

institutions for the insane, the feeble-minded and for criminals have been neglected in favor of the politically more useful subsidies; 5) that the grants are used for political purposes of an undesirable kind; 6) that the subsidy system discourages private giving; 7) that money obtained from the state by the hospitals and other institutions is not so carefully guarded as funds derived from private contributions and, therefore, many who are able to pay are treated without charge; 8) that the hospitals, orphanages, and homes supply local needs and should, therefore, be locally supported.

Now it is obvious that the first five of these objections apply to the subventions as they are *administered* in Pennsylvania at the present time. If the state should put its budget into scientific form and should arm the Board of Public Charities with greater power these evils could be eliminated. The sixth objection—that the subsidies discourage private giving—has not been sufficiently substantiated by facts to warrant its consideration at the present time.

The last two objections, however, apply to all subventions to privately managed institutions of the types subsidized, no matter how well administered. To a certain extent the pauperizing effect of the subventions could be done away with by more careful supervision, but the fact would still remain that funds derived from the state would be less carefully safeguarded against bogus charity cases. The last objection, when elaborated, develops into the general proposition that money collected by taxation from the entire state should not be expended for the benefit of particular localities.

This general statement may be subdivided into two more specific objections. In the first place it is said to be inequitable to favor certain localities by making large grants for their benefit while other communities receive little of the benefit of the state's liberality. The homes, the free hospitals, and the various organizations for social reform are most numerous in the populous industrial centers, while the farming communities, which have fewer types of classes requiring public assistance and in which these classes are not concentrated, have very few such institutions.

This objection is not wholly sound since many lines of state activity benefit particular classes and communities more than they do the whole body of the population within the commonwealth. This is true of agricultural schools and of experimental stations. It is true of commissions to regulate the services and charges of gas, electric lighting, and water companies, of the navy, and of municipal fire departments. But the principle that the state in our system of government should confine its activities to services of state-wide benefit and interest is a sound one.

The second minor proposition is that local governments or local voluntary organizations can best administer purely local affairs. But if the state aids in supporting local projects, it must have some control over them. This may be undesirable in some respects, but it is fiscally necessary. Hence subventions to local services should be avoided. But a difficult problem is encountered when the localities do not have sufficient revenues to finance all the services that are commonly deemed necessary. The solution of this problem arrived at in Pennsylvania is the subvention. Now, if it is true that the local tax payers, who are chiefly owners of real estate, are already contributing more than their share to the support of the government, it would hardly be equitable to require them to bear additional burdens. But this would necessarily follow if the subsidies should be withdrawn.

The persons who pay local taxes have for many years protested against the exemption of corporation securities from local duties and against the exemption of all the property used by transportation companies from local taxes. But the vexed question whether the payers of state or of local taxes are more heavily burdened has never been settled. Nor is it likely to be, until a permanent non-partisan tax commission is given an opportunity to study the facts carefully for a period of years.

A certain number of people desire to see all subsidies to privately managed institutions discontinued, without substitution of local assistance. They assert that the larger cities have municipal hospitals and that all counties maintain almshouses in which the aged poor and other paupers can be cared for. Moreover, it is asserted that if state aid should be withdrawn, private giving would supply the funds to continue as much free service as is desirable. The examples of Illinois, Massachusetts and Ohio are cited to show that state aid is unnecessary. This argument from example is indeed a strong one, but it is not conclusive because the reply is easily made that Pennsylvania makes better provision for her dependants than do these states. Here again we have only assertion and counter-assertion with insufficient data upon which to base conclusions.

It must be conceded, however, that the subsidy system as administered in Pennsylvania has many undesirable aspects and the first five objections cited seem to be well substantiated by fact. The first step, therefore, in the program of reform is to remove the evils that are admitted not to be inherent in the system. The program which might profitably be followed was indicated many years ago by Warner after a study of the subsidies of the District of Columbia. "At its best," he wrote, "the

government must attend to three things. First, on behalf of the poor as well as the taxpayers, it must provide for thorough inspection of subsidized institutions, and the systematic auditing of these accounts. This work cannot be done by grand juries, or legislative committees, or *ex-officio* inspectors, who may from time to time thrust their inexperienced noses into matters which they know nothing about. The work of inspection must be done by some thoroughly experienced and otherwise suitable administrative officer, who is definitely responsible for the thoroughness of his work. Second, the state must keep in the hands of its own officers the right of deciding what persons shall be admitted to the benefits for which it pays, and how long each person may continue to receive those benefits. If it pays for beds in a hospital one of its own officers should have entire control of admitting and discharging the patients cared for. This is necessary in order that there may be some gauge of indigency, and some assurance that the gauge will be used. Third, subsidies should only be granted on the principle of specific payments for specific work. When any one of these three conditions is lacking, the policy of subsidy granting is necessarily pernicious."[121]

In short, the first and most necessary step is to bring about better control, and after that has been accomplished and after investigations have been made to settle controverted points, it will be possible to secure data upon which to decide the advisability of discontinuing the grants.

[121] *American Charities*, 1st. ed. p. 353.

APPENDIX TABLE I

SUBVENTIONS FOR EDUCATION AND TO CHARITABLE INSTITUTIONS, 1826 TO 1843[1]

(in thousands of dollars)

Year[2]	Education			Charitable Institutions			
	Common Schools	Academies and Seminaries	Colleges	Deaf-mutes	The Blind	House of Refuge	Orphanages
1826	.....	2.0	2.0	8.0	.....	.....	.....
1827	.....	7.0	6.0	8.0	.....	5.0	.....
1828	.....	3.0	13.3	7.5	.....	2.5	.....
1829	.....	2.0	8.4	6.3	.....	2.5	.....
1830	.....	.....	8.4	5.4	.....	.....	.....
1831	.....	.....	5.8	5.3	.....	.....	.....
1832	.....	3.0	5.5	2.3	.....	.....	.....
1833	.....	.....	3.0	4.8	.....	5.0	.....
1834	.....	3.0	17.0	9.9	10.7	5.0	.....
1835	29.5[3]	.5	10.5	7.7	11.3	5.0	.....
1836	146.3	.5	8.5	3.9	3.2	5.0	.....
1837	553.3	.5	14.0	26.7	14.3	5.0	.....
1838	363.4	20.0[4]	.....	20.9	10.6	5.0	.....
1839	316.4	49.0	.....	9.8	8.1	5.0	2.0
1840	328.9	39.4	.....	10.0	4.1	5.0	.....
1841	295.3	50.0	.....	10.3	8.1	5.0	2.0
1842	247.6	46.1	.....	11.3	8.4	5.0	2.0
1843	272.7	48.3	.....	11.4	7.2	5.0	2.0

[1] These data are taken from the *Reports* of the Auditors General and of the State Treasurers. No total is given in the table, since the data are not accurate and because the amount of the grants to local governments for buildings, for highways, etc. cannot be ascertained.

[2] The fiscal year began Nov. 1 until 1840 when the date was changed to Dec. 1.

[3] This figure, which is taken from the report of the Auditor General, is probably inexact.

[4] From 1838 to 1843 the subvention to academies and seminaries includes the subvention to colleges.

TABLE II

TOTAL OF ALL SUBVENTIONS CLASSIFIED ACCORDING TO THE SERVICE AIDED, 1844 to 1873[1]

Year ending Nov. 30	Total All Subventions	Education							Charity	Miscellaneous			
		Total Education	Common Schools	Salary of County Superintendents	Normal Schools	School Journal	Schools of Design	Farmer's High School		Total Miscellaneous	Penn. Agricultural Society	Penn. Colonization Society	All Other
1844	$ 291,846	$264,426[2]	$257,636	.....	.....	.....	.....	.....	$ 27,357	$ 63	.....	.....	$ 63
1845	248,973	230,312	230,312	.....	.....	.....	.....	.....	18,643	18	.....	.....	18
1846	210,775	191,282	191,282	.....	.....	.....	.....	.....	19,493	.....	.....	.....	.....
1847	227,381	194,381	194,381	.....	.....	.....	.....	.....	33,000	.....	.....	.....	.....
1848	200,625	174,625	174,625	.....	.....	.....	.....	.....	26,000	.....	.....	.....	.....
1849	200,766	176,766	176,766	.....	.....	.....	.....	.....	24,000	.....	.....	.....	.....
1850	249,588	211,320	211,320	.....	.....	.....	.....	.....	38,268	.....	.....	.....	.....
1851	198,472	162,320	162,320	.....	.....	.....	.....	.....	36,152	.....	.....	.....	.....
1852	214,213	162,560	162,560	.....	.....	.....	.....	.....	51,653	.....	.....	.....	.....
1853	212,181	162,042	162,042	.....	.....	.....	.....	.....	47,514	2,625	$2,000	$ 625	.....
1854	204,420	151,408	151,408	.....	.....	.....	.....	.....	49,762	3,250	2,000	1,250	.....
1855	324,187	233,905	200,273	$31,982	.....	$1,650	.....	.....	85,882	4,400	4,240	160	.....
1856	270,111	183,670	153,800	28,169	.....	1,701	.....	.....	83,268	3,173	2,903	270	.....
1857	446,400	339,865	271,522	41,592	.....	1,751	.....	$25,000	102,683	3,852	3,672	180	.....
1858	432,059	283,211[2]	242,827	32,307	.....	1,777	.....	6,000	146,908	2,240	2,000	240	.....
1859	433,530	290,758	238,734	40,820	.....	1,904	.....	9,300	139,702	3,070	2,000	1,070	.....

TOTAL OF ALL SUBVENTIONS CLASSIFIED ACCORDING TO THE SERVICES AIDED, 1844 TO 1873.—*Continued.*

1860	434,195	280,368	237,574	36,651	.....	32	.....	6,111	153,827	.....	.....	.....	.....
1861	484,264	331,774	257,966	47,191	$10,253	2,784[5]	.....	13,580	150,490	2,000	2,000	.....	.....
1862	418,834	276,232	212,925	33,597	5,000	1,415	$2,000	21,295	142,602	.....	.....	.....	.....
1863	468,196	328,993	266,792	42,080	10,000	1,883	2,000	6,238	137,203	2,000	2,000	.....	.....
1864	552,479	347,959	294,302[3]	43,780	5,000	1,877	3,000	.....	202,520	2,000	2,000	.....	.....
1865	675,362	360,382	278,116	48,779	15,000	1,860	4,250	12,377	312,980	2,000	2,000	.....	.....
1866	870,608	316,461	259,686	50,300	1,850	1,875	2,750	.....	552,147	2,000	2,000	.....	.....
1867	1,004,985	381,642[2]	297,603	60,624	18,915[4]	2,000	.....	.....	621,343	2,000	2,000	.....	.....
1868	1,072,415	330,349[2]	243,625	59,962	21,762[4]	2,000	500	.....	740,066	2,000	2,000	.....	.....
1869	1,169,439	427,320	327,452	60,126	33,642	2,100	4,000	.....	740,119	2,000	2,000	.....	.....
1870	1,427,222	635,962	534,083	69,956	29,823	2,100	.....	.....	786,260	5,000	2,000	.....	3,000
1871	1,291,849	534,112	406,289	69,033	56,590	2,200	.....	.....	753,737	4,000	2,000	.....	2,000
1872	1,443,850	656,086	536,571	74,450	42,865	2,200	.....	.....	785,764	2,000	2,000	.....	.....
1873	1,591,318	785,038	615,865	75,032	91,941	2,200	.....	.....	804,280	2,000	2,000	.....	.....

[1] These data are taken from the *Reports* of the Auditors General, 1844 to 1873.

[2] Includes $6,690 to colleges and academies in 1844; $300 in 1858; and $2,500 in each of the years 1867 and 1868.

[3] Includes $2,000 additional for the schools of Chambersburg because of reduced taxpaying power due to border raids, and $2,000 for the relief of those who suffered as result of those raids. See act 20 August 1864, *P. L.*, p. 971.

[4] Include $3,000 each year for teachers' institutes in Philadelphia.

[5] For 1860 and 1861.

TABLE III A

SUBVENTIONS PAID FROM THE PENNSYLVANIA STATE TREASURY FOR EDUCATION, CLASSIFIED ACCORDING TO PURPOSE, 1874 TO 1893[1]

Year[2]	Total payments	Common Schools	Salary of County Superintendents	Normal Schools	Colleges[3]	All Other[4]
1874	$ 838,082	$ 656,894	$ 76,661	$102,182		$2,345
1875	755,896	605,073	75,092	71,731		4,000
1876	1,114,424	986,598	71,600	52,226		4,000
1877	907,320	734,074	73,300	92,946		7,000
1878	789,262	551,846	76,978	152,938		7,500
1879	547,331	422,946	80,687	38,198		5,500
1880	1,710,264	1,399,940	81,925	185,899	$ 40,000	2,500
1881	1,737,617	1,474,925	81,709	132,483	40,000	8,500
1882	1,089,025	907,099	81,814	94,612		5,500
1883	1,081,810	919,100	81,897	75,313		5,500
1884	1,171,495	984,830	83,517	97,648		5,500
1885	1,191,868	1,005,598	85,803	94,967		5,500
1886	1,151,633	956,993	86,297	102,843		5,500
1887	1,190,997	959,089	89,610	119,048	17,750	5,500
1888	1,674,382	1,379,111	89,599	140,672	59,500	5,500
1889	2,129,611	1,642,764	88,522	237,635	138,940	21,750
1890	2,452,496	2,004,186	99,996	243,782	57,782	46,750
1891	2,359,988	1,980,461	96,916	207,615	24,996	50,000
1892	5,513,634	4,981,486	93,834	300,801	97,463	40,050
1893	5,016,598	4,391,507	100,613	370,388	91,965	62,125

[1] From *Reports* of the Auditors General.

[2] Fiscal year ending November 30.

[3] Includes University of Pennsylvania, State Agricultural College, Philadelphia Polclynic and College

[4] Includes School Journal, Schools of Design, Pennsylvania Museum and School of Industrial Art, Academy of Natural Sciences, Nautical School Ship, Spring Garden Institution.

TABLE III B

SUBVENTIONS PAID FROM THE PENNSYLVANIA STATE TREASURY FOR EDUCATION, CLASSIFIED ACCORDING TO PURPOSE, 1894 TO 1916[1]

Year[2]	Total Payments	Common Schools	Salary of County Superintendents[3]	High Schools[4]	Normal Schools[5]	Colleges and Universities[6]	All Other[7]
1894	$ 6,010,437	$5,172,826	$ 78,131	.....	$517,895	$ 214,692	$26,893
1895	6,322,147	5,761,140	119,428	.....	236,394	179,537	25,648
1896	3,896,827	3,553,766	103,745	.....	213,690	3,125	22,501
1897	5,066,043	4,547,664	109,821	.....	261,815	82,851	63,892
1898	6,409,217	5,673,779	108,006	.....	241,798	337,639	47,995
1899	6,442,378	5,871,580	106,657	.....	245,253	105,263	113,625
1900	6,661,669	6,297,292	109,572	.....	184,983	40,322	29,500
1901	7,086,524	6,776,140	106,395	.....	130,642	36,972	36,375
1902	5,387,392	4,744,035	105,572	$ 24,750	399,588	63,947	49,500
1903	5,760,704	5,047,259	140,716	23,698	371,104	121,466	56,461
1904	4,766,465	3,993,095	124,462	1,476	395,805	129,308	122,319
1905	8,725,340	7,832,553	100,642	47,640	420,648	221,750	102,107
1906	6,096,495	5,052,560	134,284	149,260	389,629	153,637	217,125
1907	6,487,951	5,410,919	125,147	100,000	533,132	213,016	105,737
1908	7,969,848	6,910,429	163,484	25,710	469,305	250,314	150,606
1909	8,433,791	6,810,156	112,256	199,508	549,407	518,147	244,317
1910	8,510,220	6,764,593	174,702	297,109	445,914	694,489	133,413
1911	7,560,369	5,652,439	151,953	239,647	503,125	868,937	144,268
1912	9,640,523	7,487,146	161,745	286,910	489,773	1,026,071	188,878
1913	8,915,282	6,878,394	161,447	295,586	439,882	1,031,183	108,790
1914	9,060,096	6,653,348	175,878	252,878	408,134	1,498,119	71,739
1915	7,516,708	4,799,857[8]	200,447	274,481	522,267[9]	1,550,127	169,529[10]
1916	11,247,884	8,663,175[8]	281,170	273,237	502,963[9]	1,363,177	164,162[10]

[1] From the *Reports* of the Auditors General for the years given.

[2] For fiscal years ending November 30.

[3] Includes payments for publishing the call for a convention to elect the county superintendents.

[4] Included the subvention for both borough and township high schools and, after 1911, the payment of the tuition of children attending high schools in districts other than those in which they reside.

[5] Includes payments to students attending normal schools and direct appropriations to the normal schools.

[6] Includes all payments made to colleges and universities; in many cases probably amounts granted for the maintenance of hospitals in connection with medical schools.

[7] Includes subvention to such institutions as the Pennsylvania Museums and

Schools of Industrial Art and other unclassified educational organizations.

[8] Thus in the *Reports* of the Auditors General. The years 1915 and 1916 should be considered together.

[9] Contains amounts paid to normal schools taken over by the state.

[10] Contains the amounts paid by the state for the assistance of vocational schools.

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